



## **CORPORATE SOCIAL RESPONSIBILITY POLICY**

### **ZIRCON TECHNOLOGIES (INDIA) LIMITED**

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<b>Policy owner</b>	<b>Compliance</b>

## **CORPORATE SOCIAL RESPONSIBILITY POLICY**

### **1. INTRODUCTION**

India is one of the fastest and largest growing economies in the world. With the growing development, India is also flooded with various social problems such as poverty, unemployment, illiteracy, power crisis, gender bias, and many more. To sustain economic growth and to overcome the effects of development and globalization, it becomes necessary for every citizen whether individual or corporate to take the responsibility of the people, society, environment and its resources in which we reside.

Here emerged the need of Corporate Social Responsibility. Although the concept of Corporate Social Responsibility is not new in India, however, the Ministry of Corporate Affairs, Government of India notified the Section 135 of the Companies Act, 2013 which makes it mandatory for certain companies who fulfill the criteria as mentioned under sub-section (1) of Section 135 to comply with the provisions relevant to Corporate Social Responsibility.

The concept of CSR rests on the ideology of give and take. Companies take resources in the form of raw materials, human resources etc. from the society. By performing the task of CSR activities, the companies are giving something back to the society.

Zircon Technologies (India) Limited (hereinafter to be referred as "**the Company**") understands its responsibility towards the society and environment in which it operates, and is committed to operate and grow its business in a socially responsible way. This Policy is effective from **01<sup>st</sup> August, 2018**, as amended from time to time.

### **2. APPLICABILITY**

The CSR Policy shall apply to all CSR projects undertaken by the Company in India as per Schedule VII of the Act and CSR Rules.

### **3. DEFINITIONS**

- (a) "**Act**" means Companies Act, 2013 including any Statutory modification or re- enactment thereof;
- (b) "**Board**" means Board of Directors of the Zircon Technologies (India) Limited.
- (c) "**Corporate Social Responsibility**" means the activities undertaken by the Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in the CSR Rules, but shall not include the following, namely:
  - (i) activities undertaken in pursuance of normal course of business of the Company;
  - (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 (29 of 2019);
  - (v) activities supported by the Company on sponsorship basis for deriving marketing benefits for its products or services;

(vi) activities carried out for fulfilment of any other statutory obligations under any law in force in India.

(d) **“CSR Rules”** means the Companies (Corporate Social Responsibility Policy) Rules, 2014

(e) **“CSR Committee”** means Corporate Social Responsibility Committee of the Board.

(a) **“CSR Policy/ Policy”** means Corporate Social Responsibility Policy of Zircon Technologies (India) Limited.

(f) **“CSR Activities”** means the activities to be undertaken by Zircon Technologies (India) Limited in areas or subject specified in Schedule VII to the Act and specified under this Policy

(g) **“Employee”** means employee of Zircon Technologies (India) Limited (whether working in India or abroad).

(h) **“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.

(i) **“Ongoing Project”** means a multi-year project undertaken by a Company in fulfilment 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 and not defined in this Policy but defined in the Act and CSR Rules shall have the same meanings respectively assigned to them in the Act and the CSR Rules.

#### **4. CSR Policy**

In view of the provisions of section 135 of the Act, the CSR Committee is required to formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the company in areas or subject, specified in Schedule VII to the Act. The Board after taking into account the recommendations made by the CSR Committee, 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

#### **5. CSR COMMITTEE**

The Board of Directors of the Company shall constitute a committee called the "Corporate Social Responsibility Committee" ("CSR Committee") in accordance with the provisions of Companies Act, 2013 and CSR Rules. The CSR Committee will consist of three (3) or more directors of which at least one shall be an independent director. The Board of Directors may change the composition of the CSR Committee from time to time in such manner as it thinks fit.

#### **6. FREQUENCY OF MEETINGS**

The Committee shall meet at least once a year and either physically or by audio or video conferencing, as may be required. Additional meetings may be held, if required, to ensure that the Committee take note of the CSR activities, the expenditure thereon as budgeted, the service level agreements with any

NGO qualified to undertake CSR projects if required, and monitoring thereof and for other matters, as the Committee thinks fit.

## **7. NOTICE OF MEETINGS**

Meeting of the Committee shall be called by the Secretary of the Committee at the request of any of its members. Meetings may be held with the physical presence of the Members or via video-conference mode. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend along with the supporting papers. Any member desirous of participating through videoconference may communicate the same to the Company or the Secretary at least two (2) days before the date of Meeting. The Company while arranging for a videoconferencing Meeting shall comply with the conditions specified in Section 173 of the Act read with relevant Rules made thereunder. Additional meetings may be held at the discretion of the Board or any member(s) of the Committee and shall be held at such time, date and venue as may be decided by the person calling the Meeting.

## **8. CSR ACTIVITIES**

- (a) Eradicating hunger, poverty and malnutrition; promoting health care including preventive health care and sanitation including contribution to the 'Swachh Bharat Kosh' set up by the Central Government for the promotion of sanitation and making available safe drinking water;
- (b) Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- (c) Promoting gender equality and empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers 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, 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
- (e) Protection of national heritage, art and culture including restoration of building 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
- (g) Training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports
- (h) 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
- (i) Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government
- (j) Rural development projects
- (k) Slum area development.
- (l) Other CSR activities to be undertaken by the Company in above mentioned areas or subjects specified in Schedule VII of the Act.

All initiatives will be targeted to the needs of the economically marginalized/weaker sections of the society. The endeavor would be to build and leverage partnerships with likeminded individuals,

corporates and institutions for achieving positive change. Efficiency, sustainability and relevance will be the driving principles of all programs and the essence would be to be Inclusive and collaborative in nature.

## **9. GUIDING PRINCIPLES FOR SELECTION OF CSR ACTIVITIES**

- (i) Sustainable and holistic community development in respect of underprivileged and marginalized communities;
- (ii) Focus on community welfare in Healthcare, Education and Sports based services by making facilities accessible to the needy and the weaker section of the society;
- (iii) Special focus on women, youth and children;
- (iv) Focus on Environment Preservation and awareness;
- (v) The project will be developed defining the goals, objectives, project interventions, time lines and resources,;
- (vi) Preference to work with the most underprivileged section of the society; and
- (vii) Compliance with applicable laws;

## **10. GUIDING PRINCIPLES FOR IMPLEMENTATION OF CSR ACTIVITIES**

The Board shall ensure that the CSR Activities are undertaken by the Company itself or through any of the following implementing agencies:

- a) a 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) 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
- c) any entity established under an Act of Parliament or a State legislature; or
- d) a 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;

## **11. GUIDING PRINCIPLES FOR MONITORING OF CSR ACTIVITIES**

- (i) The Board shall satisfy itself that the funds so disbursed have been utilised 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;
- (ii) In case of ongoing project, the Board 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; and
- (iii) The Annual Action Plan of the Company would include the manner of execution of CSR projects or programmes to be undertaken by the Company, the modalities of utilization of funds and implementation schedules for the projects or programmes, and monitoring and reporting mechanism for the projects or programmes;

## **12. ANNUAL ACTION PLAN**

The CSR Committee shall formulate and recommend to the Board for its approval, an Annual Action Plan in pursuance of this CSR policy, which shall include the following, namely:

- (i) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
- (ii) the manner of execution of such projects or programmes as specified in sub-rule (1) of Rule 4;
- (iii) the modalities of utilisation of funds and implementation schedules for the projects or programmes;
- (iv) monitoring and reporting mechanism for the projects or programmes; and
- (v) details of need and impact assessment, if any, for the projects undertaken by the company.

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

## **13. ROLE OF THE CSR COMMITTEE WITH RESPECT TO UNDERTAKING THE CSR ACTIVITIES**

The CSR Committee of the Company shall:

- i. formulate / make changes from time to time and recommend to the Board for its approval, a CSR Policy which shall indicate the activities to be undertaken by the Company in areas or subject, specified in Schedule VII to the Act;
- ii. recommend the amount of expenditure to be incurred on the CSR activities to be undertaken by the Company;
- iii. monitor the CSR Policy of the Company from time to time;
- iv. formulate and recommend to the Board for its approval, an Annual Action Plan in pursuance of this CSR policy; and
- v. make recommendation to the Board for alteration of Annual Action Plan if required at any time during the financial year based on reasonable justification.

Where the amount to be spent by the Company under sub-section (5) of section 135 does not exceed fifty lakh rupees, the Board may decide to dissolve the CSR Committee of the Company and the functions of such Committee as required under that section read with the CSR Rules may be discharged by the Board.

#### **14. ROLE OF THE BOARD WITH RESPECT TO UNDERTAKING THE CSR ACTIVITIES**

The Board of the Company shall:

- i. On the provisions of sub-section (1) of section 135 of the Act becoming applicable, constitute a CSR Committee of the Board;
- ii. disclose the composition of the CSR Committee in the Board's report;
- iii. after taking into account the recommendations made by the CSR Committee, 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, if any;
- iv. ensure that the activities as are included in CSR Policy of the company are undertaken by the Company;
- v. 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 this CSR Policy;
- vi. if the Company fails to spend such amount as specified above, then in its report made under clause (o) of sub-section (3) of section 134 of the Act, specify the reasons for not spending the amount and, unless the unspent amount relates to any ongoing project referred to in sub-section (6) of section 135 of the Act, transfer such unspent amount to a Fund specified in Schedule VII to the Act, within a period of six months of the expiry of the financial year;
- vii. if any amount remaining unspent under sub-section (5) of section 135 pursuant to any ongoing project, transfer 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 CSR 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. discharge the functions of the CSR Committee in case it is dissolved owing to the amount to be spent by the Company under sub-section (5) of section 135 not exceeding fifty lakh rupees;
- ix. satisfy itself that the CSR funds disbursed have been utilised 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;
- x. In case of ongoing project, 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;
- xi. approve the Annual Action Plan, as recommended by the CSR Committee;
- xii. alter the Annual Action Plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect;

- xiii. ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the Company for the financial year;
- xiv. pass a resolution for setting off the CSR amount spent in excess of requirement provided under sub-section (5) of section 135, against the requirement to spend under sub-section (5) of section 135 up to immediate succeeding three financial years;
- xv. make disclosures in the Board's report as required under Rule 8 of the CSR Rules;
- xvi. undertake impact assessment as required under Rule 8 of the CSR Rules and take note of the impact assessment reports which are mandatorily required to be placed before it; and
- xvii. mandatorily disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on website of the Company for public access.

## **15. AMENDMENT**

The Company or the Board reserves its right to amend or modify this Policy in whole or in part, at any time. However, no such amendment or modification shall be inconsistent with the applicable provisions of the Act or any law for the time being in force.

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