

Chandigarh Industrial & Tourism Development Corporation Limited

CSR Policy

A. Introduction

Section 135 of the Companies Act, 2013 (“the Act”) read with the Rules framed thereunder and Schedule VII to the Act provides a framework for companies to define the key thrust areas relating to Corporate Social Responsibility (CSR).

CITCO

Chandigarh Industrial & Tourism Development Corporation Limited (Herein after called as “CITCO”) is a public sector undertaking under the administrative control of Chandigarh Administration. CITCO has been the prime mover in the progressive development & promotion of Tourism & Industrial related activities in the Chandigarh Region. The Company is committed to implement CSR in a planned and time bound manner.

This CSR policy lays down guidelines and mechanism for undertaking socially useful programs for welfare & sustainable development of the community. Through this policy, the Company strives to enrich society, both materially and socially while contributing towards social upliftment and preservation of environment.

Any modification/ amendment in the policy document would be carried out after the approval of Board.

B. Applicability of CSR

Section 135 of the Companies Act, 2013 states that every company having net worth of Rs.500 Crore or more or turnover of Rs.1000 Crore or more or net profit of Rs.5 Crore or more during the immediately preceding financial year shall constitute a CSR Committee of the Board consisting of three or more directors.

C. Role of the Board of Directors

- a) To constitute a Board level CSR Committee.
- b) To approve the CSR Policy and disclose contents of such policy in its report and on company’s website
- c) To ensure implementation of CSR activities.
- d) To ensure that the company spends in every financial year, at least 2% of the average net profits during the three immediately preceding financial years. (In case of unspent amount related to on-going project – transfer such amount to separate bank account. In case of unspent amount is related to other than on-going project – transfer such unspent amount to a

Fund specified in Schedule VII, within a period of six months of the expiry of the financial year].

- e) To disclose reasons for not spending the amount (if applicable)
- f) To ensure that administrative overheads shall not exceed 5% of total expenditure of company for the financial year.

D. Constitution and scope of CSR Committee

In accordance with the provisions of the Act *ibid*, CITCO has formulated a CSR Committee consisting of following directors: -

- Managing Director, CITCO, Chairman of the Committee
- President, Industries Association of Chandigarh, Member
- Chairman CII Chandigarh Council, Member

The CSR committee will carry out the following functions: -

- a) To formulate and recommend to the Board, a CSR Policy including activities to be undertaken.
- b) To recommend the amount of expenditure to be incurred on the activities.
- c) To monitor the CSR Policy from time to time.
- d) To formulate and recommend an annual action plan in pursuance of its CSR policy.

E. Objective & Scope

CITCO proposes to implement CSR activities in some or all of the areas as stated under Schedule VII of the Companies Act, 2013 as at Annexure – 1.

The following parameters will be taken care of while planning of CSR activities & selection of projects thereof:

- a) While selecting CSR activities / projects, priority would be given to the local areas regarding issues relating to health, sanitation, education etc. and to address the basic needs of the deprived, under privileged, neglected and weaker sections of the society.
- b) Selection or choice of CSR projects will not be adhoc, onetime, philanthropic activities which do not contribute in any way to social value creation, environment protection or sustainable development.
- c) CITCO may collaborate with other companies for undertaking projects or programmes which will have greater visibility, more number of beneficiaries and long term visible impact

However, the CSR activities do not include:-

- a) Activities undertaken in pursuance of normal course of business.
- b) Any activity undertaken outside India except for training of sports personnel.
- c) Contribution of any amount directly or indirectly to any political party
- d) Activities or expenditure benefitting employees of the company
- e) Grants to organizations/ institutions that are not specifically implementing CSR projects.
- f) Activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services
- g) Activities carried out for fulfilment of any other statutory obligations under any law in force in India;

F. Funds Allocation

CITCO will allocate at least 2% of the average net profit made during the three preceding financial years calculated as per Section 198 of the Companies Act, 2013, towards CSR activities. Any surplus arising out of the CSR activities shall not form part of business profit of the Company.

In case, CITCO wants to set up a separate CSR Cell for capacity building or to create infrastructure for authorities who may help in implementing CSR activities, the budget for such exercise shall not exceed 5% of the total CSR budget in a year approved by the CSR Committee / Board.

G. Implementation and Monitoring: -

The CSR activities / projects as mentioned in the policy will be implemented after the proposals have been cleared:

- CSR Committee – recommendation to the Board of Directors of projects.
- Board of Directors – final go-ahead & ensuring implementation of the approved CSR project.

The Corporation will undertake CSR activities either itself through its internal manpower or staff or through Section 8 (non-profit) company, registered trust, registered society, entity established under an Act of Parliament or a State legislature specifically constituted for undertaking CSR activities.

Provided that where the amount to be spent for CSR does not exceed Rs.50 lakh, the requirement for constitution of CSR Committee shall not be applicable and the functions of such Committee shall, in such cases, be discharged by the Board of Directors.

The administration of the CSR Policy and the execution of identified CSR projects and activities shall be carried out under the overall supervision of CSR Committee / Board (as the case may be).

H. Reporting And Disclosure

The Board's Report shall include a report on CSR activities carried during the year. CSR Policy and its contents shall be displayed on the company's website.

**SCHEDULE VII
(Section 135)**

Activities which may be included by companies in their Corporate Social Responsibility Policies Activities relating to:—

- (i) Eradicating hunger, poverty and malnutrition, 2[“promoting health care including preventive health care”] and sanitation 4[including contribution to the Swachh 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 4[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, 9[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 8[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).]

- (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.]