

CMS INFO SYSTEMS LIMITED
CORPORATE SOCIAL RESPONSIBILITY POLICY

PREAMBLE:

CMS Info Systems Limited believes that Corporate Social Responsibility (“CSR”) is connected with the principles of sustainability. Therefore, the Company endeavours to make CSR a key business process for sustainable development through its integration in the overall business approach.

The Companies Act, 2013 has formally introduced the Corporate Social Responsibility to the dash board of the Indian Companies. By introducing the separate section for CSR in Companies Act, 2013, the Government has given legal recognition to their community development approach. The provisions related to Corporate Social Responsibility have been recently amended by Ministry of Corporate Affairs (“MCA”) vide circular dated January 22, 2021.

DEFINITIONS:

1. “Act” shall mean the Companies Act 2013, including any modifications, amendments or re-enactment thereof.
2. “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.
3. “Agency” (or Agencies) means any Section 8 Company or a registered trust/ society/NGO/ institution, performing social services for the benefit of the society and excluding a registered trust/society/ NGO/institution/ Section 8 Company which is formed by the Company or its holding or subsidiary company/companies.
4. “Approved Budget” shall mean the total budget as approved by the Board of the Company upon the recommendation of the CSR Committee, which is to be utilized for CSR Projects.
5. “Board” shall mean the Board of Directors of the Company.
6. “Company” shall mean CMS Info Systems Limited and wherever the context requires, shall signify the Company acting through its Board.
7. “CSR Committee” shall mean the Corporate Social Responsibility Committee constituted by the Board of Directors of the Company in accordance with the Act, consisting of three or more directors, out of which at least one director shall be an independent director.
8. “CSR” means all CSR activities of the Company as approved by the Board upon recommendation of the CSR Committee, including the following:

- (i) contribution to CSR Projects which shall be implemented and/or executed by the Company;
 - (ii) contribution to CSR Projects (including for corpus as required) which shall be implemented and/or executed by its Trust or Society;
 - (iii) contribution to CSR Projects (including for corpus as required) which shall be implemented and/or executed by an Agency; and any other contributions covered under Schedule VII, but shall exclude the following:
 - (i) Contribution of any amount directly or indirectly to any political party under section 182 of the Act;
 - (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) activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);
 - (iv) activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services; activities carried out for fulfilment of any other statutory obligations under any law in force in India;
 - (v) such other activities as may be prescribed
9. “CSR Policy” shall mean the present Corporate Social Responsibility Policy of the Company, subject to modification from time to time, which covers the approach and directions given by the Board of the Company, taking into account the recommendations of the CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan.
10. “CSR Projects” or “Projects” means Corporate Social Responsibility projects/activities/ programs/ initiatives, instituted in India, either new or ongoing, and includes, but is not limited to those undertaken by the Board in pursuance of recommendations of the CSR Committee as per the CSR Policy of the Company.
- Projects/activities/ programs/ initiatives undertaken in pursuance of normal course of business of the Company and projects which benefit only the employees of the Company and their families shall not be considered as CSR Projects.
11. “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.
12. “Financial Year” shall mean the period beginning from 1st April of every year to 31st March of the succeeding year.
13. “Group Companies” means holding and subsidiaries of the Company, CMS Info Systems Limited including their respective holding and subsidiary companies.

14. “Net profit” means the net profit of a company as per its financial statement prepared in accordance with the applicable provisions of the Act, 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 Act:

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.

15. “Rules” shall mean the Companies (Corporate Social Responsibility) Rules 2014, including any re-enactment, modifications or amendments thereof.

16. “Society” means a Society formed and registered under the Societies Registration act, 1860 by the Company and includes a society jointly formed and registered by the Company with all or any of its Group Companies.

17. “Trust” means a Trust created and registered under the India Trusts Act, 1882 by the Company and includes a Trust jointly created and registered by the Company with all or any of its Group Companies.

1. “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

Words and expressions used in this CSR policy and not defined in the Act shall have the same meaning respectively assigned to them in the Act.

FOCUS AREAS

For purposes of focusing its CSR efforts in a continued and effective manner, the following areas have been identified:

- i) Promotion of education, including special education and employment enhancing vocation skills especially among youth, women, elderly, physically handicapped and livelihood enhancement projects;
- ii) 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;
- iii) 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;

- iv) Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;
- v) 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;
- vi) Measures for the benefit of armed forces veterans, war widows and their dependents;
- vii) Training to promote rural sports, nationally recognized sports, Paralympics sports and Olympic sports;
- viii) Contribution to the Prime Minister 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, scheduled tribes, other backward classes, minorities and women;
- ix) Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government.
- x) Rural development projects;
- xi) Such other tasks and projects as may be deemed fit to serve the object to fulfil the need of society, including any other projects as may be approved by the Government of India or of the State and the Act.

CSR EXPENDITURE

1. The Company shall strive to spend in every financial year at least 2% (two percent) of the average net profits of the Company made during the three immediately preceding financial years. All reasonable efforts will be made to ensure that the annual CSR allocation is fully utilised in respective year. In the event, the Company is unable to spend such amount in any given financial year, the board shall specify the reasons for the same in its report to the shareholders in terms of clause (o) of sub-section (3) of Section 134 of the Companies Act, 2013 and unless the unspent amount relates to any ongoing project referred to in sub-section (6), 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, the Company may set off such excess amount against the requirement to spend under sub-section (5) of section 135 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.

(ii) the Board of the Company shall pass a resolution to that effect.

Any surplus arising out of the CSR activities shall not form part of the business profit of a 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.

2. Any amount remaining unspent pursuant to any ongoing project, fulfilling such conditions as may be prescribed, 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.
3. Any surplus arising and/or additional revenue generated out of CSR Activities undertaken by the Company shall not form part of the business profit of the Company and same shall be spent for undertaking any CSR Activities only.
4. Expenditure incurred by Foreign Holding Company for CSR activities in India will qualify as CSR spend of the Indian subsidiary if, the CSR expenditures are routed through Indian subsidiary and if the Indian subsidiary is required to do so as per section 135 of the Act.
5. Expenditure on events such as marathons / awards / charitable contribution/ advertisement/ sponsorships of TV programmes etc. would not qualify as part of CSR expenditure.
6. Salaries paid to regular CSR staff as well as to volunteers of the Company (in proportion to time/hours spent specifically on CSR) can be factored into CSR project cost as part of the CSR expenditure.

IDENTIFICATION OF CSR PROJECTS

1. The Company shall ensure that in identifying its CSR Projects, the programme/ activities should be undertaken in India only and the preference shall be given to the local area and areas around which the Company (including its Units) operates. However, this shall not bar the Company from pursuing its CSR objects in other areas.
2. As a cardinal principle, the CSR Projects in Focus Areas, shall be identified on the basis of a detailed assessment.
3. The CSR Committee may engage external professionals/ firms/agencies if required, for the purpose of identification of CSR Projects. Company can build CSR capacities of their own personnel as well as of the implementing agencies through institution with establish track record of at least three financial years but such expenditures (including expenditure on administrative overheads) shall not exceed five percent of the total CSR expenditure of the company in one financial year.

4. Salaries paid by the Company to the regular CSR staff as well as to the volunteers of the company (in proportion to company's time/ hours spent specifically on CSR) can be factored in to CSR project cost as a part of CSR expenditure).
5. CSR activities shall be those related to the activities specified Schedule VII of the Act, and it should not include the activities undertaken in the normal course of business of the company.
6. Any Surplus arising out of the CSR projects or programmes or activities shall not form part of the business profits of the Company.

IMPLEMENTATION OF CSR ACTIVITIES

1. The Company may undertake CSR Activities either by itself as per the stated CSR Policy or through a registered trust or society or any company, established by the Company, its holding or subsidiary company under Section 8 of the Act for such non-profit objectives.

The company may engage International Organisations 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. The International Organisations should meet the statutory eligibility criteria laid down under the Companies Act, 2013.

Contribution to corpus of a Trust/ society/ section 8 companies, etc. will also qualify as CSR expenditure as long as (a) the Trust/ society/ section 8 companies, etc. is created exclusively for undertaking CSR activities or (b) where the corpus is created exclusively for a purpose directly relatable to a subject covered in Schedule VII of the Act.

Here, registered trust includes Trusts registered under Income Tax Act, 1956, where registration of trust is not mandatory.

Provided that the Company can carry out the CSR Activities through such other institutes having an established track record of 3 (three) years in undertaking the CSR Activities.

2. The CSR activities undertaken by the Company either directly or through an implementing agency shall be periodically monitored. While monitoring, the Company shall ensure the Implementing Agency or the vendor, follow ethical practices.
3. The Company may collaborate with other companies for undertaking the CSR Activities subject to fulfilment of separate reporting requirements as prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014 (the Rules).
4. The CSR Activities shall not include any activity undertaken by the Company in pursuance of normal course of business of the Company. The Company shall focus on the CSR activities specified in Schedule VII (as amended) of the Act.

5. The Company shall register itself with Central Government, by filing the Form CSR-1 electronically with the Registrar, with effect from 01st April 2021, and said form shall be signed and submitted electronically by the Company shall be verified digitally by a Chartered Accountant in practice or a Company Secretary in practice or a Cost Accountant in practice.
6. The Board of a company 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.
7. The CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy, which shall include the following, namely:-
 - a. the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
 - b. the manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4;
 - c. the modalities of utilisation of funds and implementation schedules for the projects or programmes;
 - d. monitoring and reporting mechanism for the projects or programmes; and
 - e. details of need and impact assessment, if any, for the projects 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.

DUTIES AND RESPONSIBILITIES

i. Board of Directors

The Board shall include in its Report the annual report on CSR Projects as per the format provided in the Annexure to the Rules.

ii. CSR Committee

- i) The CSR Committee shall monitor the implementation of the CSR Policy. For this purpose, the CSR Committee shall meet at least twice a year.
- ii) In discharge of CSR functions of the Company, the CSR Committee shall be directly responsible to the Board for any act that may be required to be done by the CSR Committee in furtherance of its statutory obligations, or as required by the Board.
- iii) The CSR Committee shall place before the Board the draft annual report as per the format in annexure to the Rules in Board meeting for Board review and finalization.

- iv) The CSR Committee shall place before the Board 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 for inclusion in the Board's Report.
- v) The CSR Committee shall endeavour/ ensure that the CSR Policy is displayed on the Company's website/ portal.

AMENDMENTS TO THE POLICY

The Board of Directors on its own and / or as per the recommendations of the CSR Committee can amend this Policy, as and when required as deemed fit. Any or all provisions of the CSR Policy would be subject to revision / amendment in accordance with the Regulations on the subject as may be issued by the relevant statutory authorities, from time to time. In case of any conflict of provisions between this Policy and the act and rules & regulations made thereunder, the provisions of the act, shall prevail.

DATE APPROVED

The above policy is adopted by the Corporate Social Responsibility Committee of Board of Directors of the Company in its meeting held on 4th February, 2022 and herewith recommended to the Board of Directors for necessary approval.