Corporate Social Responsibility (CSR) Policy

Rajasthan Knowledge Corporation Limited

CIN –U80302RJ2008PLC026433

Version No.	1.0
Authorized by	CSR Committee

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1. CSR Philosophy

The Rajasthan Knowledge Corporation Limited (RKCL) strives to be a socially responsible company and strongly believes to development of society at large.

2. Objectives

RKCL aspires to achieve our vision and fulfill our commitment to be a socially responsible corporate citizen, the CSR policy has been formulated with the following objectives:

a) Achieve positive, sustainable change in the community
b) Leverage company assets (available skill sets and infrastructure) for the benefit of the underprivileged and inaccessible community
c) To undertake projects/programmes which will enhance the quality of life and economic well-being of the communities in accordance with Schedule VII of the Companies Act, 2013 ("Act") read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 ("Rules").

3. CSR Obligations

Pursuant to Section 135 of the Companies Act, 2013 (Act) and Companies (Corporate Social Responsibility Policy) Rules, 2014 (Rules) and Schedule VII appended to said Act and Circular No. 21/2014 dated 18.06.2014 of Ministry of Corporate Affairs (Collectively referred hereinafter as "Regulations") every company having net worth of Rs. 500 crores or more or turnover of Rs. 1000 crores or more or a net profit of Rs. 5 crores or more during any financial year shall constitute a Corporate Social Responsibility Committee (CSR Committee) of the Board consisting of three or more directors, out of which at least one director shall be an independent director.

4. Definitions

In this Policy, unless the context otherwise requires:

a) **'Act'** means Companies Act, 2013;

b) **Corporate Social Responsibility'** means Corporate Social Responsibility (CSR) as defined in Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules 2014;

c) **'Financial Year'** referred under sub-section (1) of Section 135 of the Act read with Rule 3(2) of Companies CSR Rule, 2014 implies 'any of the three preceding financial years';

d) **'Net Profit'** means net profit as defined in Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules 2014 as set out below:

Net Profit as per financial statements prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely:

- Any profit arising from any overseas branch or branches of the Company, whether operated as a separate company or otherwise and
- Any dividend received from other companies in India, which are covered under and complying with the provisions of Section 135 of the Act.

e) Words and expressions used in this CSR Policy and not defined herein but defined in the Act shall have the meaning respectively assigned to them in the Act.

5. Composition of CSR Committee

In compliance of above Regulations, Board of Directors of the Company has constituted CSR Committee consisting of following directors:

1. Chairman of meeting/Board (ex-officio) Chairman
2. Managing Director (ex- officio) Member
3. Shri Vivek Sawant (representative of MKCL) Member
4. Shri Vinay Pathak (representative of Universities) Member
5. Shri M. C. Govil (independent Director) Member

The Company Secretary of the Company shall act as the secretary of the Committee and the quorum for the said meeting shall be 3 members.

6. Role of CSR Committee

In terms of Section 135(3) of the said Act, the CSR Committee shall:

a) Formulate and recommend to the Board, a CSR Policy;
b) Recommend to the Board CRS activities to be undertaken by the Company as specified in Schedule VII appended to the Act during any financial year along with detailed plan, modalities of execution, implementation, schedule, monitoring process and amount to be incurred on such activities.
c) Monitor the CRS Policy of the Company from time to time and ensure its compliance.
d) Submit to the Board report giving status of the CSR activities undertaken, expenditure incurred and such other details as may be required by it.

7. Board's Approval to CSR Policy

The CSR Committee so constituted, shall formulate a Policy on Corporate Social Responsibility (CSR Policy) and recommended it to the Board of the Company.

8. Governance

a) The CSR Committee is responsible for monitoring of all CSR activities from start to finish.

b) Programs to be supported via CSR will be selected by it through a transparent process and it shall institute a transparent monitoring mechanism for implementation of the CSR activities undertaken by the Company.

9. Scope of Activities

The Company may engage in all or any of the following activities:

9.1 Education

- Setting up libraries for schools and colleges
- Livelihood enhancement projects
- Whole School improvement alongwith schools's infrastructure.
- Capacity building of teachers and other stakeholders
- Supplementary education
- Provide fees for a period of one year or more to the poor and meritorious, preferably girl students of the school in the operational area of the Company to enable them to get uninterrupted education.
- Provide scholarships
- Improving Educational Facilities in general.

9.2 Health and Care

- Eradicating hunger, poverty and malnutrition
- Promoting preventive health care
- Sanitation
- Making available safe drinking water
- Contribution to the "Swach Bharat Kosh" set-up by the Central Government for the promotion of sanitation

9.3 Environment Sustainability

- Ensuring environmental sustainability
- Ensuring ecological balance
- Protection of Flora and Fauna
- Animal Welfare
- Agro forestry
- Conservation of natural resources
- Maintaining quality of soil, air and water
- contribution to the "Clean Ganga Fund" setup by the Central Government for rejuvenation of river Ganga

9.4 Equality

- Promoting gender equality
- Empowering women
- Setting up homes and hostel for women and orphans
- Setting up old age home, such other facilities for senior citizens
- Day care centers
- Adopting measures for reducing inequality faced by socially and economically backward groups

10. Geographical Reach

Regulations provide that the CSR activities shall be undertaken only in India for the benefit of the public and not only for the employees of the Company and their family. It further provides that the Company shall give preference to the local area and areas around it where it operates for spending the amount earmarked for CSR. The Company will thus give preference to conducting CSR activities in the State of Rajasthan; herein the Company has its operation.

11. CSR Expenditure

- The Company would strive to spend at least 2% (two percent) of the average Net Profits of the Company made during the three immediately preceding financial years. The surplus arising out of the CSR activity will not be part of business profits of the Company. The Corpus would thus include the 2% of average net profits, as aforesaid, any income arising there from and surplus arising out of CSR activities.
- The Company may build CSR capacities of its personnel and/or those of its implementing agencies through Institutions with established track records of at least three financial years but such expenditure shall not exceed five percent of total CSR expenditure of the Company in one financial year.

- However, if the Company ceases to be covered under sub-section (1) of Section135 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 subsection (1) of the Act.
- CSR activities should be undertaken by the Companies in project/ program mode (as referred in Rule 4(1) of Companies CRS Rules, 2014). One-off events such as marathons / awards / charitable contributions / advertisements / sponsorship of TV programs etc. would not be qualified as part of CSR expenditure.
- Expenses incurred by companies for the fulfillment of any act / statute of regulations (such as Labor Law, Land Acquisition Act etc.) would not count as CSR expenditure under the Companies Act.
- Salaries paid by the Companies to regular CSR staff as well as volunteers of the Companies (in proportion to companies time/ hours spend specifically on CSR) can be factored into CSR project cost as part of CSR expenditure.
- Contribution to Corpus of a Trust / Society / Section 8 Companies etc. will qualify as CSR expenditure as long as (a) the Trust / Society / Section 8 Companies etc. is created exclusively undertaking CSR activities or (b) where the corpus is created exclusively for a purpose directly relatable to a subject cover in Schedule VII of the Act.

12. CSR Funding

As per the Regulations, the Company will set aside for annual CSR activities, an amount equal to 2% of the average Net Profits of the Company made during the three immediately preceding financial years. Any unutilized CSR allocation of a particular year, will be carried forward to the following year. Provided that all reasonable efforts will be made to ensure that the annual CSR allocation is fully utilized in the respective year. However, if the Company fails to spend such amount, the Board of Directors, shall in its report under clause (o) of sub-section (3) of Section 134 of the Act, shall specify the reasons for not spending the amount.

13. Implementation of CSR activities

In furtherance of specific CSR projects or programmes, the Company may directly take up the project, collaborate with NGOs and other like-minded stakeholders, including other companies, registered trusts and societies, in order to leverage upon the collective expertise, wisdom and experience that such relationships may bring.

If in the opinion of the CSR Committee, the implementation of CSR projects requires specialized knowledge and skills, and if the Company does not have such expertise in-house, the wherewithal, and dedicated staff to carry out such activities, the CSR Committee may decide to avail the services of external specialized agencies for the implementation of such CSR projects. In the event an external agency is engaged for the purposes of the CSR initiatives of the Company, the Company will need to

enter into an agreement with the relevant executing/implementing external agency, setting out the terms and conditions of the engagement of the external agency.

14. Reporting

As per Regulations, the Company shall disclose in its Board Report in prescribed manner:

- Composition of CSR Committee
- Contents of CSR Policy and shall place it on its website
- Reasons for not spending the CSR amount
- CSR initiatives undertaken by the Company and amount spent.

15. Tax Treatment

Tax treatment of CSR spent will be in accordance with the Income Tax Act, 1961 as may be notified by Central Board of Direct Taxes (CBDT).