

Nihilent Limited

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CIN: U72900PN2000PTC014934

Corporate Social Responsibility (CSR) Policy



Nihilent
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1. Context

As a corporate entity, Nihilent Limited (“**Nihilent/Company**”) acknowledges its obligation to contribute to the economic development of the country while improving the quality of life of its workforce and their immediate families as well as of the community and society at large. The Company also places emphasis on development of knowledge and skills in the young, both male and female, in order to make them economically productive.

While Nihilent continues to provide expert solutions, it has not lost sight of its commitment to play its role as an enlightened corporate citizen. Corporate Social Responsibility (“**CSR**”) has always been on its agenda. Further, pursuant to Section 135 of the Companies Act, 2013, and Companies (Corporate Social Responsibility Policy) Rules, 2014, which have come into effect from April 1, 2014, vide Notification No.G.S.R.129(E) dated February 27, 2014, as amended from time to time, every Company having net worth of Rs.500 crore or more or turnover of Rs.1,000 crore or more or net profit of Rs.5 crore or more shall constitute Corporate Social Responsibility Committee (**‘CSR Committee’**) and the CSR Committee shall formulate and recommend a policy and shall spend, in every financial year, at least 2% of the average net profit during the immediately preceding three financial years.

The CSR Committee so constituted by a Board Resolution dated April 15, 2014 formulated a policy on Corporate Social Responsibility (“**CSR Policy**”) and recommended the same to the Board of Directors of the Company (**‘Board’**) for its approval. The Board vide its resolution dated 24 November, 2014, approved and adopted this CSR Policy with retrospective effect from 01st April 2014.

1.1 Objectives of the CSR Policy

This Policy shall be read in line with Section 135 of the Companies Act, 2013, Companies (Corporate Social Responsibility Policy) Rules, 2014 and such other rules, regulations, circulars, and notifications (collectively referred hereinafter as **‘Regulations’**) as may be applicable and as amended from time to time and will, inter-alia, provide for the following:

- Establishing a guideline for compliance with the provisions of Regulations to dedicate a percentage of Company’s profits for social projects.
- Ensuring the implementation of CSR initiatives in letter and spirit through appropriate procedures and reporting.
- Creating opportunities for employees to participate in socially responsible initiatives.

While undertaking statutorily required CSR projects / programmes within India, the Company will consistently strive for opportunities to meet the expectation of its stake holders by pursuing the concept of sustainable development with focus on improving the quality of life.

1.2 Definitions

In this Policy unless the context otherwise requires:

- (a) ‘Act’ means Companies Act, 2013;
- (b) ‘Corporate Social Responsibility’ means and includes but is not limited to Projects or programs relating to activities specified as defined in Section 135 & Schedule VII of the Companies Act

2013 and Companies (Corporate Social Responsibility Policy) Rules 2014, as amended from time to time;

- (c) 'Ministry' means the Ministry of Corporate Affairs, Government of India.
- (d) 'Net Profit' means net profit as defined in Section 135 of the Companies Act, 2013, and Rule 2(f) of the 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:

- (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
- (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.

1.3 CSR Activities

Nihilent will endeavor to adopt an integrated approach to address societal and environmental concerns of the community by taking up a range of the following activities, which shall be taken up strategically, in a focused manner to the extent possible and allowed as per the CSR Policy. Activities mandated for Government can be supplemented by filling the resource gap and giving help to cross the last mile in goal achievement.

It is a commitment to support initiatives that measurably improve the lives of underprivileged by one or more of the following focus areas as notified under Section 135 and Schedule VII of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time:

- i. Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation including contribution to the Swach 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 centers 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 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 arts and handicrafts;
- vi. Measures for the benefit of armed forces veterans, war widows and their dependents;
- vii. Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
- viii. 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;
- ix. Contributions or funds provided to technology incubators located within academic institutions, which are approved by the Central Government;
- x. Rural development projects.
- xi. Slum Area development.

Exclusions:

CSR activities shall be undertaken as projects, programs of activities (either new or ongoing) excluding activities undertaken in pursuance of the normal course of business of the Company.

The Company will not make any contribution of any amount directly or indirectly to any political party.

The CSR projects or programs or activities which are not exclusively for the benefit of employees of the company or their family members shall be considered as CSR activity.

Any surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of the company but should be added in the CSR Fund.

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

Contingency:

Certain contributions/activities required to be implemented on an urgent basis in unforeseen circumstances relating to Natural calamities/disasters, can be taken up for implementation after approval from Committee. The Board of Directors would be appraised about such projects/activities during their next quarterly meeting.

1.4 The Geographic reach

The Company will give preference to conducting CSR activities in the state of Maharashtra and at any such location in India as the Committee may identify and may deem fit.

2. CSR Committee

2.1 Guiding Principles for Constitution of CSR Committee

The CSR Committee will consist of three directors, out of which at least one director shall preferably be an independent director.

The Committee will meet at least twice in a year to discuss and review the CSR activities and Policy. A quorum of two members is required to be present for the proceedings to take place. Such other meetings of the Committee can be convened as and when deemed appropriate. The Committee members may meet physically or via audio visual means as permitted under the Act. The Committee shall have the authority to call such employee(s), senior official(s) and or externals, as it deems fit.

2.2 Committee Members

The first CSR Committee constituted by Board Resolution dated April 15, 2014, shall be as follows:

- Mr. L. C. Singh – Chairman
- Mr. Minoo Dastur - Member
- Mr. Santosh Pande- Member

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2.3 Scope of Functions of CSR Committee

2.3.1 Notified CSR activities: To implement initiatives mentioned under point 1.3 above.

2.3.2 Ancillary Activities:

- To publicize the CSR Policy and initiatives organization wide, especially through mailers, screensaver and Policy documentation and upload(s) on website.
- To plan and carry out workshops to increase employee awareness on various projects and initiatives.
- Such other activities as directed by the Board of Directors of the Company and/or as deemed appropriate and expedient by the Committee for the furtherance of CSR objectives of the Company, in pursuance with the Regulations.

2.3.3 Transparent Monitoring Mechanism

The CSR Committee shall prepare a transparent monitoring mechanism for ensuring implementation of the projects / programmes / activities proposed to be undertaken by the Company.

The CSR Committee shall have the authority to obtain professional advice from external sources and have full access to information contained in the records of the Company as well as the

powers to call any employee / external consultant or such other person(s) and for such purpose as may be deemed expedient for the purpose of accomplishments of overall CSR objectives laid down under the Act.

3. Procedures

3.1. Funding

- i 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 years, i.e., the CSR budget will be non-lapsable in nature.

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 section 134 of Act, shall specify the reasons for not spending the amount.

- ii Annexure III contains the details of the proposed expenditure for respective Financial Years, towards CSR activities, to be amended annually according to the Financial Year after the review by the Committee or at such time, as the Committee may deem fit.
- iii Tax treatment of CSR spend will be in accordance with Income-tax Act, 1961, as may be notified by Central Board of Direct Taxes (CBDT).

3.2. Planning and implementation

- i A list of CSR projects/programs which the Company plans to undertake during the implementation year will be laid down and approved by the Committee at the beginning of each year, specifying modalities of execution in the areas/sectors chosen and implementation schedules for the same.
- ii A CSR project may be divided into two main categories – Direct Project Funding and Employee Engagement. Projects which involve considerable financial commitment undertaken on a timeframe of 1-3 years where Nihilent will be the primary sponsor, will be considered under Direct Project Funding and accorded due significance. Payroll giving initiatives will fall under Employee engagement.
- iii The company may fund its CSR activities through the following methods:

- A. Directly on its own
- B. Through its own non-profit foundation set- up so as to facilitate this initiative

- If the Company decides to set up a Trust or Section 8 Company or society or Foundation or any other form of entity operating within India to facilitate implementation of its CSR activities in accordance with its stated CSR policy, the following shall apply:

- The Company would need to specify the Projects/programmes to be undertaken by such an organization, for utilizing funds provided by it;

- The Company shall establish a monitoring mechanism to ensure that the allocation is spent for the intended purpose only;
- C. Through Trusts, Societies, or Section 8 companies operating in India, which are not set up by the Company itself, having an established track record of three years in undertaking similar CSR programs or projects in pursuance with the relevant regulations;
- D. Collaborating or pooling their resources with other companies herein collectively referred to as ‘CSR Partner’ or ‘CSR Partner(s)’.

Once the project/program is approved, Nihilent and the CSR Partner(s) may enter into a standard MOU.

- iv The company may implement its CSR activities through the following methods:
- For, projects in villages, persons/representatives from Villages/Gram Sabhas/ Ward members shall also be engaged. This will help in achieving the target as well as participation of the local representatives in formulating the various activities to obtain maximum benefit by community.
 - Projects especially the construction/civil activities and other projects which require specialised knowledge and skills shall be executed by the external specialised agencies.
 - Specialised agencies may include professional consultants, Government departments, semi government, or non-government organisations (NGOs), autonomous organisations, registered Trusts/ Missions, community based organisations, self-help groups, not-for-profit organisations, local bodies such as Panchayati Raj institutions, academic institutes, etc.
 - Engagement of external specialised agencies/NGOs shall be through entering into a MoU.

3.3. Projects / Partners

CSR Committee will identify suitable projects for implementation in line with the objectives of the Company and requirements laid down under the Regulations. These projects would be executed either directly by the Company and/or through CSR Partner(s) as given in Part 3.2 above.

3.4. Criterion for CSR Partner(s) and Agreement

While identifying projects, CSR Committee will assess CSR Partner(s) organizations who would execute the projects at the grass root level. At a minimum they need to meet the following criteria:

- a. The CSR Partner(s) has a permanent office/address in India;
- b. The CSR Partner(s) is/are a Trust(s), Society/ies, or Section 8 Company/ies having an established track record.
- c. Have requisite framework to report progress/status of the projects on a quarterly basis on agreed parameters
- d. Maintain a required level of auditable records on the CSR initiatives conducted in conjunction with Nihilent as agreed mutually.

The indicative partners and extant philanthropic initiatives form part of this Policy as Annexure I. The Committee is authorised to alter these partners and programmes hereunder for undertaking the CSR activities as specified in this policy note.

3.5. CSR Reporting and display of CSR Policy

The Company will report, in the prescribed format as set out herein as Annexure II, the details of CSR initiatives and activities of the Company in the Directors' Report and on the website of the Company, as required under the Regulations. Such reporting will be done, pertaining to financial year(s) commencing on or after the 1st day of April 2014.

The Board of Directors shall disclose contents of this Policy and composition of the CSR Committee in the Directors' Report.

4. Monitoring

- i Appropriate documentation and amendments of the CSR Policy, annual CSR activities, reports on execution by CSR Partner(s) and expenditures will be undertaken on a regular basis and same will be available to the Board of Directors of the Company.
- ii Initiatives undertaken on the CSR front will be reported in the Annual Report of the Company
- iii The CSR Committee and persons / entities authorised by it, will conduct due diligence checks on the current projects/partners on a quarterly basis and report anomalies, if any, immediately.
- iv Based on analysis of current projects, carry out roadmap planning for allocation of budget and selection of projects. The same will be done at least once in a financial year.
- v Plan and publish an annual calendar of major events so as strive for maximum participation of stakeholders/society.

5. Amendments to the Policy

The Board of Directors may, either on its own and/or as per the recommendations of CSR Committee, 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 from relevant statutory authorities, from time to time.

In case of any clarification on any matter, including interpretation of this Policy, the Company Secretary of the Company shall be contacted. The decision of the Board of Directors on all matters, relating to this Policy, shall be final and binding upon all concerned.

Annexure I - Partners and Philanthropic initiatives

The Company shall be partnering with one of the following entities for CSR activities to be conducted primarily in the region of Maharashtra, while maintaining _____ as a major thrust area.

Annexure II - Format for the Annual Report on CSR Initiatives to be included in the Board of Directors report on CSR to form part of the Annual Report and website of the Company.

1. Brief outline of 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.
2. The composition of the CSR Committee.
3. Average Net Profit of the company for last three financial years
4. Prescribed CSR Expenditure (two percent of the amount as in item No. 3 above)
5. Details of CSR spent during the financial year:
 - a. total amount to be spent for the financial year:
 - b. amount unspent:
 - c. manner in which the amount spent during the financial year is detailed below:

Sr no	CSR project / activity identified	Sector in which the Project is covered	Projects /Programmes 1.Local area/ others 2.Specify the state and district where projects or programs were undertaken	Amount outlay (budget)project/ programs wise	Amount spent on the project /programs Subheads: 1.Direct expenditure on project, 2.Overheads	Cumulative spend up to the reporting period	Amount spent directly through implementing agency*
1							
2							
3							
* Details of Implementing agency							

6. In case the Company fails to spend the 2% of the Average Net Profit (INR) of the last 3 financial years, the reasons for not spending the amount shall be stated in the Board report.
7. 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 duly signed by Director and Chairperson of the CSR Committee.

Chairman CSR Committee

CEO or MD or Director

Annexure III - Proposed Expenditure on CSR Activities for respective Financial Years

Details as on 31 March 2018:

Details of CSR spent during the FY:

- a. Total amount to be spent for the FY 2017-18: INR 8.94 Million

- b. Amount spent: On education of women and disabled children - INR 5.58 Mn for FY 2017-18 and INR 6.46 Mn for FY 2016-17.

- c. Amount unspent for 2017-18: INR 3.36 Million (total amount unspent for 2014-15 - INR 8.68 Million, for 2015-16 - INR 12.20 Million and for FY 2016-17 INR 3.74 Million).

The Company is continuously evaluating and exploring suitable avenues for CSR spending. The Company has made a MOU with Lila Poonawalla Foundation and Ayodhya Trust and allocated funds for these CSR projects. Additionally, the Company is evaluating different CSR projects for utilizing the unspent amount in next fiscal.