



NICDIT KRISHNAPATNAM  
INDUSTRIAL CITY  
DEVELOPMENT LIMITED

## Corporate Social Responsibility (CSR) Policy

Adopted in 25<sup>th</sup> Board Meeting held on 21<sup>st</sup> March, 2024



# NICDIT KRISHNAPATNAM INDUSTRIAL CITY DEVELOPMENT LIMITED

## CORPORATE SOCIAL RESPONSIBILITY POLICY (CSR)

### 1. PREAMBLE

M/s. NICDIT Krishnapatnam Industrial City Development Limited (NKICDL) is an unlisted Public Limited Company and was incorporated on 07<sup>th</sup> August 2018 under the Companies Act 2013. NICDIT Krishnapatnam Industrial City Development Limited (NKICDL) is 50:50 Joint Venture company of National Industrial Corridor Development and Implementation Trust (NICDIT) and the Government of Andhra Pradesh, represented by Andhra Pradesh Industrial Infrastructure Development Corporation Limited (APIIC) incorporated for the development of Krishnapatnam Node which is a part of Chennai Bengaluru Industrial Corridor.

As a responsible corporate citizen of the country, NICDIT Krishnapatnam Industrial City Development Limited believes it has a role to play in sustainable and inclusive growth of the nation. Despite being one of the largest growing economies globally, India faces substantial problems of income inequality, food insecurity, gender discrimination and environmental degradation along with uneven access to energy, healthcare, sanitation, water and education. The corporate sector needs to partner with the government and social sector to work together in addressing these issues. Since the needs on these multiple fronts are vast, meaningful contribution by the business sector would be best undertaken through a transparent and measurable system. In this regard, NICDIT Krishnapatnam Industrial City Development Limited fully supports that the recent initiative of the Union Government to create a legal process under the Companies Act 2013 for facilitating companies to undertake corporate social responsibility programmes in a structured manner.

NICDIT Krishnapatnam Industrial City Development Limited is committed to further Skill Development, Infrastructure and Equipment Support, Health Camps and Safe Drinking water. Our CSR policy framework is developed to assist the Company in undertaking well-planned initiatives that are participatory, outcome oriented and measurable, with the overall objective of creating sustainable impact.

### 2. REGULATORY FRAMEWORK

The Companies Act, 2013 together with the rules notified thereunder and Schedule VII to the Act and circular(s) and notification(s) issued by the Ministry of Corporate Affairs (MCA), from time to time ('the Act'), provides a framework for companies to define the focus areas in the CSR space. The law also guides companies to apply the scope as defined under Schedule VII to the Act liberally to follow the law in letter and spirit. Further, the Act also provides instructions on agencies eligible for implementation through which the companies may spend its CSR expenditure. NKIDCL's CSR Policy, focus areas and the implementing agencies shall therefore remain within the boundary set by the law. The provisions herein shall be read in consonance with the Act.



### 3. DEFINITIONS UNDER CSR

Below are the definitions as provided in the Companies (Corporate Social Responsibility Policy) Rules, 2014. In these above rules, unless the context otherwise requires,

1. "**Act**" means the Companies Act, 2013;
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. "**Corporate Social Responsibility (CSR)**" means the activities undertaken by a Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in these Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, 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 companies 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.
4. "**CSR Committee**" means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act.
5. "**CSR Policy**" means a statement containing the approach and direction given by the board of a company, taking into account the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan;
6. "**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:



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

7. **“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 justification;

#### 4. **KEY PROVISIONS OF THE ACT RELATED TO CSR**

The Ministry of Corporate Affairs (MCA) has notified Section 135 and Schedule VII of the Companies Act, 2013 (Act) as well as the provisions of the Companies (Corporate Social Responsibility Policy) Rules, 2014 (CSR Rules) which came into effect from April 01, 2014. As per the Act and Rules made thereunder, every Company having

- net worth of Rupees Five Hundred crore or more, or
- turnover of rupees One Thousand crore or more or
- net profit of rupees Five crore or more during the immediately preceding financial year” shall constitute a Corporate Social Responsibility (CSR) Committee.

However, Where the amount to be spent by a company does not exceed fifty lakh rupees, the requirement for constitution of the Corporate Social Responsibility Committee shall not be applicable and the functions of such Committee provided under this section shall, in such cases, be discharged by the Board of Directors of such company.

#### 5. **CSR OBLIGATION**

The Company is committed to spend 2% of its average net profits made during the 3 (three) immediately preceding financial years. The overall amount to be committed towards CSR will be approved by the Board, as a part of its Annual Action Plan. Further, based on reasonable justification, the Board of the Company can alter the Annual Action Plan at any time.

#### 6. **UNSPENT AMOUNT ON CSR ACTIVITIES:**

The Company endeavours to fulfil its CSR obligations in a timely manner. However, in the circumstances beyond the Company’s control, if the required amount to be spent by the Company may not be expended in its entirety in the relevant financial year, the Company shall ensure due compliance with the necessary provisions under the Act including reclassification of the project as ongoing project.



## **7. ACQUISITION OF CAPITAL ASSETS:**

For ensuring that the CSR projects/ initiatives of the Company, inter alia, including the rural development, environmental sustainability and the water conservation projects/ initiatives are fulfilled with a positive social and economic impact on the community at large. If CSR contribution made for creation or acquisition of a capital asset in pursuance of its CSR projects/ initiatives, the same shall be held in the manner prescribed under the Act.

## **8. FOCUS AREAS**

The main responsibilities of the Company towards society at large are to eradicate hunger, poverty and malnutrition; promote preventive health care and sanitation and making available safe drinking water, promoting gender equality and empowering women

## **9. OUR VISION**

1. The Company completely endorses reliability. It is committed to conduct business in a true, fair and ethical manner and takes up the responsibility to create a good impact in the society it belongs.
2. The Company is committed towards improving the quality of lives of people in the communities in which it operates because, the society is an essential stakeholder and the purpose of its existence. The Company believes that giving back to the society through CSR activities is its moral duty.
3. The Company aims to fulfil the requirements laid down under the Companies Act, 2013 and act diligently to comply with all its Rules and Regulations on CSR.

## **10. APPLICABILITY OF THE POLICY**

1. The Company's CSR Policy has been developed in conformity with the provisions of Section 135 of the Companies Act, 2013 (referred to as the Act in this Policy) and in accordance with the CSR Rules (hereby referred to as the Rules) notified by the Ministry of Corporate Affairs, Government of India.
2. This Policy shall apply to all CSR initiatives and activities taken up at the various locations in India, preferably in the vicinity where the Company carries out its business operations and for the benefits of different segments of the society, specifically the deprived and under-privileged.



## **11. OBJECTIVE OF THE CSR POLICY**

- To ensure that the Company is committed to operate its business in an economically, socially and environmentally sustainable manner, while recognizing the interests of all its stakeholders.
- To take up programmes that benefit the communities in and around its work centres and over a period of time, results in enhancing the quality of life of the people in the area of its business operations.
- To generate a community goodwill for the Company and help reinforce a positive and socially responsible image of Company as a good corporate citizen of the Country.

NICDIT Krishnapatnam Industrial City Development Limited shall create a robust and transparent governance structure to supervise the implementation of the CSR Policy.

## **12. RESPONSIBILITIES OF THE BOARD**

- After considering the recommendations made by Corporate Social Responsibility Committee, approve the CSR Policy as recommended by the CSR Committee;
- The Board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.
- The Board to approve an annual action plan in pursuance of CSR policy as recommended by the CSR Committee;
- To ensure that the funds so disbursed towards CSR activities have been utilised for the purposes and in the manner as approved by the Board and that Chief Financial Officer or the person responsible for financial management shall certify to the effect.
- In case of ongoing project, to monitor the implementation of the project with reference to the approved timelines and year-wise allocation and to make modifications, if any for smooth implementation of the project within the overall permissible time period
- To disclose the composition of the CSR Committee, CSR Policy and projects approved by the Board on their website, if any for public access.
- To ensure that activities reflected in CSR policy are undertaken by the Company
- To ensure that activities included by the Company in its CSR Policy are related to the activities included in Schedule VII of the Companies Act, 2013.
- To 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 its CSR Policy. In case the company is not able to spend the required amount the Board shall in its report under 134 sub section (3) clause (o) of the Act shall specify reasons for not spending the amount.



- The Board shall approve the CSR policy and oversee that identified work is duly undertaken and in each financial year at least 2% of average net profit of preceding 3 (three) financial years is spent effectively.
- 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.
- The Board will also ensure disclosure of the names of CSR Committee members, the content of the CSR policy and reporting of its CSR activities on the Company website, and in the Annual Reports in the prescribed format.

### 13. CSR Committee

- **Constitution:**

As per Act, every company to which CSR is mandatory should constitute a CSR Committee to undertake and monitor CSR activities. The Company in its 28<sup>th</sup> Board Meeting has constituted the CSR Committee.

- **Role:** The CSR Committee would direct, guide and oversee the policies and progress on the Company's corporate social responsibility and related activities and offer advice to the Board of Directors on these matters.
- **Responsibilities:**
  - a) To formulate and recommend to the Board, an Annual Action Plan which will indicate the activities to be undertaken by the Company in accordance with Schedule VII of the Companies Act, 2013;
  - b) To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the Company;
  - c) To monitor the implementation of CSR policy and review and recommend the changes to CSR Policy to Board from time to time.
  - d) To formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy, which shall include the details as provided in Rule 5(2) of Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 as follows:
    - (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 subrule (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: 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.”
- e) Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be decided by the Board of Directors from time to time.
- f) The committee will meet at least twice a year to review progress. This can be a physical meeting or through a combination of video conferencing. The minutes of the meetings shall be signed by the Chairperson and regularly shared with the Board of Directors.

#### **14. CSR PROGRAMMES/PROJECTS**

The Company would focus the CSR activities around following thrust areas:

- a. promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects
- b. 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.
- c. Any other program, which the committee shall deem fit in accordance with items under Schedule VII.

#### **15. IMPLEMENTATION OF CSR ACTIVITIES:**

The CSR activities will be undertaken by the Company either directly or implementing agency. Further, the Company may enter Memorandum of Understanding (MOU) with the implementing agencies setting out clear terms and conditions to enable completion of projects in the most efficient manner.

#### **16. SELECTION OF IMPLEMENTING AGENCY:**

The CSR activities can be undertaken either directly or through implementing agency. The implementing agency shall meet the statutory eligibility criteria laid down under the Act. Additionally, the Company shall conduct appropriate due diligence before associating with them. Such due diligence may inter alia cover aspects of:

- a) Financial position and credibility;
- b) History and experience in the relevant area or similar activity;
- c) Availability of necessary statutory registrations;
- d) Governance and management standards of the agency;





- e) Any political connections or dubious affiliations of the agency;
- f) Any potential conflict of interest; and
- g) Existing and past litigations

## **17. MONITORING AND EVALUATION MECHANISMS**

Monitoring and Evaluation Mechanisms include the following, one or more of which shall be implemented based on the size, quantum and tenure of the CSR programmes:

1. To ensure effective implementation of the CSR programmes undertaken at each work centre, a monitoring mechanism will be put in place by the CSR Committee. The progress of CSR programmes under implementation at work centre will be reported to corporate office on a regular basis.
2. Feedback would also be obtained and documented from the beneficiaries and influential local leaders by the respective work centres about the programmes, as and when required.
3. Field visits would be conducted by the respective CSR teams to ensure the progress of the programmes at their work centres. The visits would be informed and surprised also.
4. Partners would be required to report narrative as well as financial updates on a quarterly/annual basis in the format mutually decided.
5. The Finance and Accounts Team of the Company in consultation with the CSR Committee would conduct audit of the CSR programmes as and when required. The Finance and Accounts would, from time to time, also guide the respective partners and CSR team of the Company on necessary compliances.
6. Impact Assessment would be conducted on a periodic basis, through CSR team of BIL and independent professional third parties, if need be, especially on the strategic and high value programmes.

The Board of Directors of the Company shall also monitor the CSR Programmes / Projects in such manner and on such periodicity as may be required by the Act / the Rules.

## **18. CSR ANNUAL ACTION PLAN (CAAP)**

The Board shall formulate and recommend to the Board of Directors, a CAAP in pursuance of this Policy, which shall include focus areas for the year, the list of projects to be undertaken, manner of execution, fund utilization, monitoring mechanism, etc. The Board of Directors may approve the CAAP with such further conditions as it deems fit and further alter CAAP at any time during the financial year, as per the recommendation of the CSR Committee, based on the reasonable justification to that effect.



## **19. INFORMATION DISSEMINATION**

1. Appropriate documentation of the CSR Policy, annual CSR activities, executing partners, and expenditure entailed will be undertaken on a regular basis.
2. The CSR activities of the Company will be duly monitored.
3. The monitoring process adopted by the Company may include obtaining of reports of different kind, self-declaration, On-site visit, pictures or videos of project sites, etc. Further, the monitoring process may involve
  - a. periodic reporting; and
  - b. periodic review and assurance visits of the CSR projects:
4. CSR initiatives of the Company will also be reported in the Annual Report of the Company.

## **20. LIMITATION AND AMENDMENT**

1. Words and expressions used but not defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013, the CSR Rules made thereunder or in any amendment thereto. This Policy shall also be subject to such clarifications and FAQs as may be issued by MCA from time to time.
2. In case of any doubt with regard to any provision of the policy and also in respect of matters not covered herein, a reference should be made to board of directors. In all such matters, the interpretation & decision of the board shall be final.
3. Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the guidelines on the subject as may be issued from the Government, from time to time.
4. The Company reserves the right to modify, cancel, add, or amend any of these Rules.

