

CORPORATE SOCIAL RESPONSIBILITY POLICY

PREAMBLE:

Socially responsible business practice is an integral part of an organization's effort at ensuring good Corporate Governance. Corporate Social Responsibility (CSR) is therefore a tool through which an organization reflects and pledges its commitment to support and participate in community building efforts.

The Government of India has vide section 135 of the Companies Act, 2013 (the Act) and the Companies (Corporate Social Responsibility Policy) Rules, 2014 (the Rules) has brought out CSR guidelines to be adhered to by certain class of companies.

As an organization, Lakshmi Ring Travellers (Coimbatore) Private Limited (LRT) is covered by these rules. In this regard it has to be noted that LRT since inception has been in the vanguard of society welfare and development through numerous initiatives undertaken on a regular basis.

Considering the new statutory requirement LRT has framed a CSR policy that is reflective of its long held beliefs and commitment towards community development. The CSR Policy of LRT contains principles that will guide future CSR projects / Programmes / activities, such as prescribing the budgetary limits, scope of CSR activities, the geography within which the activities are to be carried out, procedure for sanction of funds, procedure for obtaining Board approval, monitoring mechanism for projects, programmes and activities etc.

DEFINITIONS:

1. **CSR Committee:** means a Committee of Board of Directors, consisting of three Directors at least one of whom shall be an independent Director, duly constituted by the Board of Directors of the Company. The CSR Committee shall be headed by a Chairman duly elected as per the provisions of the Act.
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. **Net profit:** means profit calculated as per section 198 of the Companies Act, 2013 and shown in the audited annual financial statements of the Company but does not include profit earned through overseas operations,

either by a separate Company or otherwise, and dividend received from other Companies in India.

4. **CSR expenditure:** means any amount spent by the Company within the territory of India, in any financial year for the projects / programmes / activities covered under items listed in Schedule VII of the Act.
5. **“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

SCOPE:

Scope of CSR policy is to lay down the guiding principles to enable the CSR Committee and the Board of Directors to determine the amount of money to be earmarked for the CSR Expenditure in any financial year, the projects / programmes / activities for which the amount has to be spent and allocation of funds among various heads of CSR expenditure the geographical areas where the CSR activities are to be undertaken, priority for certain CSR activities over other CSR activities, timing of the expenditure, periodicity of reporting and to undertake any other activity required for due compliance of the provisions of the Act and the Rules.

CSR ACTIVITIES TO BE COVERED

“CSR activities” means activities or projects or programmes as recommended by the CSR Committee and approved by the Board, undertaken by the Company from time to time in any or more of the areas falling under the Schedule VII to the Companies Act, 2013, **but shall not include the following, namely: -**

- (i) activities undertaken in pursuance of normal course of business of the company: Provided that any company engaged in research and development activity of new vaccine, drugs and medical devices in their normal course of business may undertake research and development activity of new vaccine, drugs and medical devices related to COVID-19 for financial years 2020-21, 2021-22, 2022-23 subject to the conditions that-
 - (a) such research and development activities shall be carried out in collaboration with any of the institutes or organisations mentioned in item (ix) of Schedule VII to the Act;
 - (b) details of such activity shall be disclosed separately in the Annual report on CSR included in the Board’s Report;
- (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;

PERMITTED CSR ACTIVITIES

- (i) Eradicating hunger, poverty and malnutrition, promoting healthcare, including preventive healthcare and sanitation and making available safe drinking water;
- (ii) Promoting education, including special education and employment enhancing vocation skills specially 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;
- (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, para-Olympic 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) Any other activity as may be prescribed by the Government from time to time.

GEOGRAPHICAL AREA

LRT may undertake CSR activities anywhere in India; however, preference may be accorded for the geographical locations (district, city / town or village) where the Company's operations are located.

AMOUNT TO BE SPENT

During every financial year the CSR Committee shall arrange to spend for the specified CSR activities, an amount which is not less than 2 % of the average net profits of the immediately preceding three financial years. However, in any financial year, for any reasons, the company is unable to spend an amount as stated above, shall provide suitable explanation stating the reasons therefor to the Board of Directors and the Board shall include the same in the Directors' Report of the Company.

CSR EXPENDITURE BUDGET

A CSR expenditure budget (budget) for every financial year shall be prepared and submitted to the CSR committee for recommendation. The budget shall provide details as to the proposed activity wise expenditure and the time of expenditure spread over the financial year. The CSR Committee after deliberations may recommend with or without modification to the Board of Directors for approval at its first meeting to be held in each financial year. Then the company shall allocate funds as per the Board's approval.

LRT shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.

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.

When LRT spends an amount in excess of requirement provided under sub-section (5) of section 135, such excess amount may be set off 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, in pursuance of sub-rule (2) of this rule.
- (ii) the Board of the company shall pass a resolution to that effect

The CSR amount may be spent by a company for creation or acquisition of a capital asset, which shall be held by - (a) a company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number under sub-rule (2) of rule 4; or (b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or (c) a public authority:

Provided that any capital asset created by a company prior to the commencement of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, shall within a period of one hundred and eighty days from such commencement comply with the requirement of this rule, which may be extended by a further period of not more than ninety days with the approval of the Board based on reasonable justification.

Until a fund is specified in Schedule VII for the purposes of subsection (5) and (6) of section 135 of the Act, the unspent CSR amount, if any, shall be transferred by the company to any fund included in schedule VII of the Act.

METHOD OF CSR EXPENDITURE

The Company may undertake the CSR activities directly by itself or by contributing to external agencies like established Charitable Trusts of long standing reputation or partly by it and partly through such Trusts as may be recommended by the CSR Committee and approved by the Board.

Where contributions are made to an external Trust, the company shall obtain a Fund Utilization Certificate duly certified by an independent Chartered Accountant and submitted to the CSR Committee. For ongoing projects, extending beyond the financial year, interim status report on the progress of the project duly certified by an independent Chartered Accountant shall be obtained.

MONITORING CSR ACTIVITIES

Every year, the CSR committee of the board of directors of the Company will place for the board's approval, a CSR annual action plan delineating the list of CSR projects or programmes to be carried out, the manner of execution of such projects, the modalities of utilisation of funds and implementation schedules, monitoring and reporting mechanism for the projects and details of need and impact assessment, if any, for the projects undertaken by the company during the financial year thereof. The board will consider and approve the CSR plan with any modifications deemed necessary.

CSR REPORTING

The Company shall submit to the CSR Committee the details of projects / programmes / activities undertaken periodically at reasonable intervals. The CSR committee shall forward a report on CSR projects / programmes / activities of the Company to the Board of Directors once in a year. The Board shall provide a report in the prescribed format on CSR activities of the Company in its Report to shareholders every year.

The Company will post on its website the contents of the CSR Policy and the report of the Board of Directors of the Company on the CSR activities in the prescribed format.

POLICY OPERATION AND REVIEW

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 or the person responsible for financial management shall certify to the effect

The Board of Directors of the Company shall mandatorily disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on their website, if any, for public access.

The CSR policy when approved by the Board is final and will come into operation with immediate effect. However, the Board may on the recommendation of the CSR Committee may review and modify /change the policy in accordance with the changes, amendments and modifications in the Act /Rules and in line with the changing requirements of the Company.