



DIVGI TORQTRANSFER SYSTEMS LIMITED

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

Document Control:

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Sr. No.	Revision No.	Date	Description of changes

PRELIMINARY

1. (a) This policy shall be called "The Corporate Social Responsibility Policy" ("CSR Policy").

(b) It has come into force with effect from the date of approval of the Board of Directors of

DIVGI TORQTRANSFER SYSTEMS LIMITED.

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INTRODUCTION

Section 135 of the Companies Act, 2013 and allied Rules prescribe that every Company having Net worth of Rs. 500 crore or more, or Turnover of Rs.1,000 crore or more, or a Net Profit of Rs. 5 crore or more during the immediately preceding financial year shall ensure that it spends at least 2% of the average net profits made during the immediately preceding three financial years. The provisions pertaining to CSR as prescribed under the Companies Act, 2013 are applicable to the Company.

This Corporate Social Responsibility (hereinafter referred to as 'CSR') Policy is framed in terms of Section 135 of the Companies Act, 2013 (hereinafter referred to as 'the Act') read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 (hereinafter referred to as 'the CSR Rules'), as amended from time to time.

COMPANY PHILOSOPHY

Operating in a responsible and sustainable manner is important. Whilst we run our business in line with the expectations of diverse global stakeholders, we also see Corporate Responsibility as

a discipline that helps to manage risks and maximize on opportunities presented to us in the changing world.

Our CSR initiatives are independent of the normal conduct of our businesses and are aligned to the activities listed in Schedule VII read with Section 135 of the Companies Act, 2013 and the allied CSR Rules.

Programs, projects, and activities (hereinafter collectively referred to as 'CSR Programmes') carried out in this regard are the subject matter of this Policy.

OBJECTIVE

This Policy has been framed with a view:

- To strive for economic development that positively impacts the society at large with minimal footprint
- To embrace responsibility for the Company's actions and encourage a positive impact through its activities for the society at large.
- To contribute actively and voluntarily to the social and economic development of the communities in which we operate.
- To be a good corporate citizen.
- Provide a safe and congenial work environment.
- To create awareness and sensitization amongst employees towards social responsibility and encouraging them to participate in all such initiatives.
- Partner with different NGO's and support Govt. initiatives in the social developmental activities.
- Comply with the amended Companies (Corporate Social Responsibility Policy) Rules, 2014 under the Companies Act, 2013.

SCOPE

This policy has a very wide range of coverage which includes most of the following activities listed under Schedule VII of Companies Act, 2013:

- Promoting education, including special education and employment enhancing vocational skills.
- Rural Development Projects.
- Promoting health care including preventive health care
- Protection of National Heritage, Art, and Culture.

- Ensuring environmental sustainability, ecological balance, conservation of natural resources.

But it is not limited to the above and includes other activities considered as part of Schedule VII and projects approved by the Central Government.

CSR POLICY

Divgi TorqTransfer Systems Limited (Divgi TTS) is committed to good corporate citizenship. We strive to supply goods and services of superior value to our customers; to create jobs that provide meaning for those who do them and to contribute generously of our talents and our wealth to the communities in which and for whom we do business.

Since the 'Responsibility to our Communities' is one of our core values, Divgi-TTS strives to take efforts in the area of social and community development under the initiative of Corporate Social Responsibility with planned and systematic actions put in investment projects which focuses on below principles:

श्री Vidyadaayini

Promoting Education: Strengthen the educational and knowledge base for promoting education based on the fundamental conviction that education can help provide the answers to some of the greatest challenges like poverty, inequality and environmental degradation. To inculcate and develop leadership qualities in underprivileged children through innovative and creative programs by developing soft skills through music, games, and sports.

श्री Kalyanam

Rural development: To improve the standard of living of rural people by development of infrastructure in rural areas. Initiatives that will ease the stress of rural households and help in building better and progressive communities, youth development and better family living.

श्री Aarogyam

Promoting Health Care: Health Initiatives to focus on the overall well-being of the underprivileged, both in the rural and the urban communities. The Health and Wellness Programs range from supporting institutions with diagnostic and monitoring equipment to other healthcare projects.

श्री Sanskriti

National Heritage, Art, and Culture: The initiative for the protection of our National Heritage, Art, and Culture. Programmes for the promotion and development of traditional music, dance, and handicraft.

श्री Vasundhara

Environment Protection: Programs designed for environmental sustainability, ecological balance, protection of flora and fauna, animal welfare and agroforestry.

MODES OF IMPLEMENTATION:

Modes of implementation

Sl. No	Focus area	Implementation strategy
1	Promoting Healthcare	Work directly or indirectly with medical and health-related organizations for projects in preventive healthcare, short term and long- term care and treatments.
2	Promoting Education	Partner directly or with governments, or with non-profit organization, local administrations and educational institutions, primary, secondary, and higher educational institutions including schools, colleges and universities to encourage efforts in a wide range of areas including training, provision of funding for continued education, skilling and re-skilling initiatives, offline and online education, research, infrastructure development and capacity building.
3	Rural Development	Work with non-governmental organizations (NGOs), local administrations and educational institutions to achieve community development goals. Partner directly or with governments, NGOs, and institutions to support projects related to development and improvement of infrastructure and essential amenities, livelihood and skilling initiatives, training and education, and rehabilitating disaster-affected victims in rural areas.

4	Environmental Protection	Work with NGOs on safeguarding the environment, including protection of flora and fauna, promoting climate action, renewable energy, natural resource conservation as well as promoting resource efficiencies across energy, water, and waste management.
5	National Heritage, Art, and Culture	Support institutions, artists, including writers, poets, painters, musicians, dancers, and theatre artists, in collaboration with partner organizations through contribution towards operational needs, performance activities, livelihoods and other opportunities to encourage preservation of subjects of national heritage, cultural and traditional Indian art forms and undertake restoration of architectural structures, historical Monuments and water bodies.

CSR EXPENDITURE

Pursuant to the provisions of the Act, the Company shall allocate the required budget towards the CSR activities for every financial year. The CSR Committee shall calculate the total funds required to be apportioned and recommend the same for the approval of the Board.

CSR expenditure shall include all expenditure including contribution to corpus, for projects or programs relating to CSR activities approved by the Board on the recommendations of the CSR Committee but does not include any item or expenditure not in conformity or not in line with the activities which falls in the purview of Schedule VII of the Companies Act, 2013.

RESPONSIBILITY

The Board of Directors shall periodically review the CSR activities and take note of all the updates periodically given by the CSR Committee and the standing Committee and advice as appropriate.

CSR COMMITTEE

The CSR Committee shall be comprised in accordance with the requirements of applicable laws. This CSR Policy, details of the composition of the CSR Committee and projects approved by the Board shall be hosted on the Company's website at www.divgi-tts.com.

The Committee responsibilities are as below:

- a. To formulate and recommend to the Board of Directors, the CSR Policy, indicating the CSR activities to be undertaken as specified in Schedule VII of the Companies Act, 2013, as amended;
- b. formulate and recommend an annual action plan in pursuance of its Corporate Social Responsibility Policy which shall list the projects or programmes undertaken, manner of execution of such projects, modalities of utilisation of funds, monitoring and reporting mechanism for the projects;
- c. identify corporate social responsibility policy partners and corporate social responsibility policy programmes;
- d. delegate responsibilities to the corporate social responsibility team and supervise proper execution of all delegated responsibilities;
- e. review and monitor the implementation of corporate social responsibility programmes and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes;
- f. assistance to the Board to ensure that the Company spends towards the corporate social responsibility activities in every Fiscal, such percentage of average net profit/ amount as may be prescribed in the Companies Act, 2013 and/ or rules made thereunder;
- g. providing explanation to the Board if the Company fails to spend the prescribed amount within the financial year;
- h. providing updates to the Board at regular intervals of six months on the corporate social responsibility activities;
- i. To recommend the amount of expenditure to be incurred on the CSR activities, at least two per cent. of the average net profits of the company made during the three immediately preceding financial years or where the company has not completed the period of three financial years since its incorporation, during such immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy;
- j. To monitor the CSR Policy and its implementation by the Company from time to time;
- k. To perform such other functions or responsibilities and exercise such other powers as may be conferred upon the CSR Committee in terms of the provisions of Section 135 of the Companies Act, 2013, as amended and the rules framed thereunder

STANDING COMMITTEE

The Standing Committee comprising of company's employees along with CSR consultants

have responsibilities as follows:

- a. Each member shall understand the CSR initiatives for the year, support in its implementation and also evangelize CSR as a way of life.
- b. Committee members shall prepare a detailed implementation plan for each of the focus areas and the same shall be discussed by the Standing Committee before submitting the report to the CSR Committee.
- c. The Committee shall coordinate with external entities/NGO's/social organizations for collation of Information and Due Diligence required for each initiative.
- d. The Committee shall enlist the support of volunteers for each of the activities under the implementation plan.
- e. The Committee shall ensure that the planned activities are executed as per the agreed schedule.
- f. The Committee shall obtain a utilization certificate with a statement of expenditure duly certified by an authorised auditor to the CSR Committee where the expenditure is through any other organization or institution.
- g. The Committee shall report regularly on the progress on the initiatives under the focus area to the CSR Committee highlighting the cumulative outlays and outcomes of the programme in specific details.
- h. The Committee shall provide periodic updates on the CSR initiatives for the year to the CSR Committee.
- i. The Standing Committee shall meticulously maintain the documentation of the CSR approaches, programs, expenditures, procurement, due diligence reports, etc., which should be prepared and made available to the CSR Committee in their meetings.

RESPONSIBILITIES OF THE BOARD:

- a. Approving the CSR Policy, annual action plan, CSR Activities and projects and the CSR expenditure after taking into consideration the recommendations made by the CSR Committee or any modification there under.
- b. The Board may alter the annual action plan at any time during the financial year, as per the recommendation of CSR Committee, based on reasonable justification to that effect.
- c. Ensure that the CSR spending for every financial year of at least 2% of average net profits made during immediately preceding 3 financial years, in pursuance with (Scope) of this CSR Policy. If the Company fails to spend the aforesaid amount, then the Director's Report prepared under Section 134 of the Act shall specify the reasons for not spending the amount and transfer the same to the Unspent CSR Account as specified under this Policy and CSR Legal Framework.
- d. Ensure that CSR Activities included in the CSR Policy are undertaken by the Company and

such activities are related to the activities specified in the CSR Legal Framework.

- e. Ensure that the CSR Activities are undertaken either by the Company itself or through an Implementing Agency, as permitted under the CSR Legal Framework.
- f. In case of ongoing projects, monitoring the implementation of the project in line with the approved timelines and year – wise allocations and shall be further authorized to make modifications thereto if required, subject to the same being within the overall permissible time period.
- g. Satisfy itself that the funds have been utilized for the purpose and in the manner, as approved by them and the Chief Financial Officer/person responsible for the financial management of the Company, to certify to the effect.
- h. Ensure the administrative overheads shall not exceed the limits specified under the CSR Legal Framework, presently being 5% of total CSR Expenditure of the Company for each Financial Year.
- i. Ensure any surplus arising out of the CSR Activities shall not form part of the business profit of the Company and shall be ploughed back into the same project or 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 the Fund specified in Schedule VII within the stipulated period of time.
- j. Ensure that surplus or unspent amount earmarked for CSR in any financial year is given effect as required under the CSR Legal Framework.
- k. Approve the set off of the excess amount of CSR spent in a financial year, against CSR spent of upto immediate next three financial years;
- l. Ensure that Director's Report includes:
 - a. Contents of the CSR Policy and Composition of the CSR committee;
 - b. An annual report on the CSR in the prescribed format;

GUIDELINES FOR IMPLEMENTATION

- a. The investment in CSR shall be project based and for every ongoing project, periodic milestones should be finalized at the outset.
- b. Project activities identified under the CSR shall be implemented either by direct contribution to the Project or through Specialized Agencies. Such specialized agencies should be those who comply with the requirements of the Companies Act, 2013.
- c. Where the implementation of the CSR activities is done through outside agency(ies), then following points should be kept in mind:
 - a. Verify the credentials of such agency(ies) including the previous track record of such agency(ies), work carried on by such agency(ies) in the past especially in the

areas mentioned in Schedule VII to the Companies Act, 2013 and such other areas as may be prescribed by the Government from time to time.

- b. Ask for and take on record its relevant details such as constitution, bye laws, formal project report, Registration Certificate under applicable laws, PAN, TAN, CSR-1, 80G & 12A Certificates, Registration Certificate-MCA, account details, cancelled cheque and the impact analysis of the project enrolment.
 - c. Ask for and take on record the status/progress report and statement of account of the CSR activities carried out on behalf of and with the funds provided by the Company.
 - d. Place such status/progress report before the CSR Committee/Board for its information and approval.
- d. Project proposal for any CSR activity shall be examined by the Standing Committee consisting of executives from across the organization and submit report/recommendations to the CSR Committee.
- e. The CSR Committee shall analyze the same and recommend the project proposal to the Board of Directors for approval/ratification.
- f. Impact assessment shall be undertaken by the Company or by recipient or by implementing agency as required by and in the manner set out under applicable law and rules and the impact assessment report(s) shall be placed before the CSR Committee and the Board and shall be disclosed as legally required.

COMPLIANCE MONITORING AND REPORTING

The Board of Directors after considering the recommendations of the CSR Committee, approve the CSR policy and disclose the composition of CSR Committee and contents of such policy in its report and the same shall be displayed on the Company's website.

Compliance with this policy will be continuously monitored and subject to review by the Board, supported by the CSR Committee and Standing Committee.

The Board's report of the Company shall include an Annual report on CSR containing particulars specified in prescribed format of Annexure I of the CSR legal framework.

The progress will be reported to the CSR Committee during the committee meetings. The progress on CSR programs undertaken by the Company will be reported in the Annual Report in the format prescribed by the CSR Rules 2014.

Annexure I- FORMAT FOR ANNUAL REPORT

The Annual Report

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programmes 1. Local area or other 2. Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programme wise	Amount spent on the projects or programmes Subheads: 1. Direct expenditure on projects or programmes 2. Overhead	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
Total							

In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment/modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.