

**THE CORPORATE SOCIAL RESPONSIBILITY (CSR)
POLICY
OF
VASANTHA TOOL CRAFTS PRIVATE LIMITED**



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APPLICABILITY, APPROACH AND DIRECTION

This Policy, which encompasses the Company's philosophy for delineating its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of community at large and is titled as the '**the Corporate Social Responsibility (CSR) Policy of Vasantha Tool Crafts Private Limited**' (herein after referred to as the "**Policy**" or the "**CSR Policy**").

This Policy shall apply to all CSR initiatives and activities taken up/undertaken/to be undertaken by Vasantha Tool Crafts Private Limited (herein after referred to as the "**Company**" or "**VTCPL**"), for the benefit of different segments of the society.

The Company is dedicated to function and develop its business in a socially responsible way with a vision to be environmental friendly.

The Company firmly believes that to succeed, an organisation must maintain highest standards of corporate behaviour towards its stakeholders, investors, employees, society and the environment in which it operates.

The Board has constituted the CSR Committee for recommending a CSR Policy to the Board of Directors, for their approval and adoption. The CSR Committee has recommended this Policy in accordance with the terms of reference.

This Policy is formulated in accordance with the provisions of section 135 of the Companies Act, 2013 and rules made thereunder.

CSR VISION STATEMENT AND OBJECTIVE

Vision

Corporate Social Responsibility (CSR) is the commitment of Company to improve the quality of life of people living in community and the society at large. The Company believes in undertaking business in such a way that it leads to overall development of all the stakeholders and the society.

Objective

The following are the objectives of this CSR Policy:

- i. Ensure an increased commitment at all levels in the organization and to operate its business in an economically, socially and environmentally sustainable manner, while recognizing the interests of all its stakeholders.



- ii. To directly or indirectly take up the programmes that benefit the communities in & around its work centres, locations and which results, over a period of time, in enhancing the quality of life and economic wellbeing of the people.
- iii. To generate, through its CSR initiatives, a goodwill for the Company and help to reinforce a positive and socially responsible image of the Company as a corporate entity.
- iv. To lay down guidelines and frame work for successful implementation of CSR activities and reporting of CSR activities.
- v. To lay down the key focus areas, projects, activities and programs, which can be undertaken by the Company, in terms of Schedule VII of the Companies Act, 2013.

DEFINITIONS

In this Policy, unless the context otherwise requires:

“**Act**” means the Companies Act, 2013 including any modifications, amendments or re-enactment thereof;

“**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;

“**Annexure**” means the annexure appended to the Rules;

“**Annual Action Plan**” means the annual action plans recommended by the CSR Committee and as approved by the Board on a yearly basis.

“**Approved Budget**” shall mean the total budget, as per this Policy, as approved by the Board, which is to be spent or utilized for CSR activities;

“**Board**” or “**Board of Directors**” means collectively the board of directors of the Company;

“**Corporate Social Responsibility (CSR)**” means the activities undertaken by the Company in pursuance of its statutory obligation laid down in section 135 of the Act and in accordance with the provisions contained in the Rules, **but shall not include** the following:

- 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 Company 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.;

“CSR Committee” the Corporate Social Responsibility (CSR) Committee constituted by the Board of the Company in terms of the Section 135 of the Act;

“CSR Expenditure” shall mean all CSR expenditure as recommended by the CSR Committee and approved by Board of Directors in terms of the provisions of the Act and Rules made there under.

The term shall include any excess contribution made by the Company for the purpose of undertaking the CSR activities.

“CSR Rules” means the Companies (Corporate Social Responsibility) Rules, 2014 including any modifications, amendments or re-enactment thereof. Unless the context otherwise requires, the term Rules shall also include any circulars and guidance notes issued pursuant the Rules or the Act;

“Financial Year” shall mean the period beginning from 1st April of every year and ending on 31st March of the succeeding year;

“Implementing Agency” means any entity registered with Ministry of Corporate Affairs for undertaking CSR projects, which is engaged by the company to implement various projects in pursuance of CSR Policy;

“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:

- 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.

Net Profit shall not include such sums as may be prescribed, and shall be calculated in accordance with the provisions of Section 198 of the Act.;

“Ongoing Project” means a multi-year project undertaken by the Company, in fulfilment of its CSR obligation, and 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.



Provided that the projects to be recommended by the CSR Committee and approved by the Board of Directors shall only be considered as the Ongoing Project.

“Public Authority” means “Public Authority” as defined in clause (h) of section 2 of the Right to Information Act, 2005 (22 of 2005);

The words and expressions used, but not defined, shall have the meaning ascribed in the Act and/or the CSR Rules.

Anything inconsistent with the provisions of this policy and the Act or CSR Rules, the provisions of the Act or CSR Rules shall prevail.

RESOURCES AND SPENDING OF CSR EXPENDITURE

It will be the endeavor of the Company to spend in every financial year, at least 2 (two) percent of the average Net Profit (or such other limit as may be prescribed under the Act) during the immediately preceding 3 financial years or such other periodicity as may be notified, as its Annual CSR Expenditure on CSR programmes/activities/initiatives and as approved through Annual Action Plan.

The Administrative Overheads shall not exceed 5 (five) Percent of total Annual CSR Expenditure of the Company for any financial year.

Any Surplus arising out of the CSR activities shall not form part of the business profit of the Company and shall be added back and be expended towards CSR activities or shall be transferred to the unspent CSR account and spent in line with this Policy and as approved under the Annual Action Plan or be transferred to the fund specified under Schedule VII of the Act, with in a period of 6 months of the expiry of the financial year.

The Company may book the expenditure for the purpose impact assessment, if any, towards Corporate Social Responsibility for that financial year and which in any case shall not exceed 2 (two) percent of the total Annual CSR Expenditure for that financial year or fifty lakh rupees, whichever is higher.

If the Company fails to spend the allocated Annual CSR Expenditure for any reason, the Board in its report under Section 134(3) shall specify the reasons for not spending the Annual CSR Expenditure and, unless the amount relates to any Ongoing Project, transfer the unspent Annual CSR Expenditure to a fund specified in the Schedule VII of the Act, with in a period of 6 months of the expiry of the financial year. Provided that if the Company spends an amount in excess of the required Annual CSR Expenditure (i.e over and above the 2% requirement as per the Act), the Company may setoff such excess amount against the Annual CSR Expenditure (to be allocated) for three succeeding financial years or as specified under the Act.

Where the Company spends an amount in excess of requirements as provided in section 135(5), such excess amount shall be set off against the requirement under Section 135(5) as under:

- a. any excess shall not include the surplus arising out of the CSR activities; and
- b. the Board of Directors shall approve the excess and pass a resolution to this effect.



Further, if the unspent Annual CSR Expenditure relates to an Ongoing Project, the unspent Annual CSR Expenditure shall be transferred to an Unspent Corporate Social Responsibility Account, to be opened in a Scheduled Bank, within a period of thirty days from the end of the financial year to which such Annual CSR Expenditure relates. The amount so transferred shall be utilised by the Company, for the Ongoing Project, with in a period of three financial years from the date of such transfer, failing which the Company shall transfer the amount to the fund specified under Schedule VII of the Act.

The Annual CSR Expenditure 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; or
- b. beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
- c. a Public Authority.

KEY FOCUS AREAS, PROJECTS, ACTIVITIES AND PROGRAMS

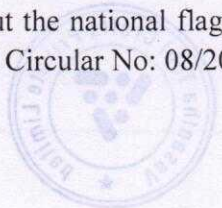
Pursuant to the provisions of the Act, Rules and Schedule VII of the Act, the Annual Action Plan, to be recommended by the CSR Committee, may have key focus on the any of the following areas and activities to be undertaken by the Company to spend the Annual CSR Expenditure:

- i) Eradicating hunger, poverty and malnutrition, promoting health care including 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;

These activities may include spending of CSR funds for various activities related to Covid-19 as per MCA General Circular No: 10/2020 dated March 23, 2020 read with MCA General Circular No: 01/2021 dated January 13, 2021, MCA General Circular No: 05/2021 dated April 22, 2021 and MCA General Circular No: 09/2021 dated May 05, 2021.

- ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;

These activities may include mass scale production and supply of the National Flag for “Har Ghar Tiranga”, a campaign under the aegis of Azadi Ka Amrit Mahotsav and which is aimed to invoke the feeling of patriotism in the hearts of the people and promote awareness about the national flag and as notified through Ministry of Corporate Affairs (MCA) general Circular No: 08/2022 dated July 26, 2022.



- 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 art and handicrafts;
- vi) Measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows;
- vii) Training to promote rural sports, nationally recognised sports, paralympic sports and olympic sports;
- viii) Contribution to the Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the central government for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;
- ix) (a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and
(b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).
- x) Rural development projects;



These Activities may include any project meant for the development of rural India as per Ministry of Corporate Affairs (MCA) general Circular No: 14/2014 dated June 18, 2014.

xi) Slum area development.

Explanation: For the purposes of this item, the term “slum area” shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.

xii) Disaster management, including relief, rehabilitation and reconstruction activities.

Further, the areas shall be liberally interpreted so as to capture the essence of subjects enumerated above.

Special focus areas: While the Company may undertake CSR activities in the areas listed above, special focus may be given on following activities:

- a. To create, improve the basic Infrastructure in the rural schools for education, building libraries, providing training for the teachers and equipping the Schools with Sports Kits;
- b. Providing School Furniture;
- c. Construction and renovating of School Buildings;
- d. To help the Students to have access to quality Education and Professional Skills by providing Computer Systems to Schools and Educational Institutions;
- e. Providing free Note books and Text books and other Stationery items to Students, rewarding the meritorious with scholarships, building remedial centers and spreading awareness about the need for Computer Education in rural India;
- f. Support to Technical/Vocational Institutions for their self-development, Academic education by way of financial assistance to Primary, Middle and Higher Secondary Schools;
- g. 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;
- h. Providing best of the training opportunities, equipment required for sports and infrastructure facilities, providing financial help to attend sports camps, conferences for promoting rural sports, nationally recognised sports, Paralympic sports and Olympic sports;



SELECTION AND IMPLEMENTATION

CSR Activities/Programs will be undertaken to the best possible extent within the defined ambit of the identified areas and as per the Annual Action Plan.

The time period/duration over which a particular programme will be spread, will depend on its nature, extent of coverage and the intended impact of the programme.

Project activities under CSR are to be implemented by the CSR Committee and/or employees of the Company nominated for the purpose and, if found necessary, by the specialized agencies.

The Company will incur the amount towards the programs approved through Annual Action Plan.

The Company shall ensure that the CSR activities are either undertaken by the company itself or alternatively through any of the following Implementing Agencies:

- a. a Company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of Section 10 or registered under section 12A and approved under section 80G of the Income Tax Act, 1961, established by the Company, either singly or along with any other company; or
- b. a Company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or
- c. any entity established under an Act of Parliament or a State legislature; or
- d. a Company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of Section 10 or registered under section 12A and approved under section 80G of the Income Tax Act, 1961, and having a track record of at least three years in undertaking similar activities.

Provided that Implementing Entities mentioned in clause a to d above, who intends to undertake any CSR Activities or Programs, shall register themselves with the Central Government by filing Form CSR 1 with the Registrar of Companies and shall obtain a Unique CSR Registration Number.

The Company may also collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or programs.

The Company may engage International Organisations for designing, monitoring and evaluation of CSR projects and programmes as per this Policy as well as for capacity building of their own personnel for CSR.

The Board, on an annual basis, shall satisfy itself that the funds so disbursed for and towards the CSR activities have been utilised for the purposes and in the manner as approved by the



Board and for this purpose the Chief Financial Officer of the Company or the person responsible for financial management shall certify to this effect.

The Board shall carry out the Impact Assessment through an independent agency appointed for the purpose, if the average CSR obligation during the three immediately preceding financial years is rupees 10 (ten) crores or more.

ANNUAL ACTION PLAN

The CSR Committee shall formulate and recommend to the Board, an annual action plan (every year) pursuant of this Policy, which shall include the following:

- a. The list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act and the focus areas;
- b. The manner of execution of CSR projects or programmes, as specified in the manner of implementation;
- c. The modalities of utilization of funds and implementation schedules for the CSR projects or programmes;
- d. monitoring and reporting mechanism for the projects or programmes; and
- e. details of need and impact assessment, if any, for the projects undertaken by the company.

Provided that Board may alter the annual action plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.

CONSTITUTION OF CSR COMMITTEE

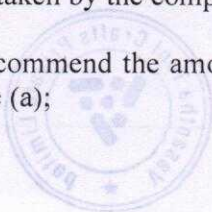
The Board of Directors of the Company has constituted the CSR Committee with the following composition:

Mr. Dayanand Reddy Anugu
Ms. Renuka Reddy Pingali
Mr. Varun Reddy Anugu
Ms. Manali Anugu

The CSR Committee shall institute a transparent monitoring mechanism for implementation of the CSR Projects or programs or activities undertaken/to be undertaken by the Company.

Terms of reference of CSR Committee:

- a. To formulate and recommend a Corporate Social Responsibility (CSR) policy, including any modification and amendment to be made thereunder, indicating the activities to be undertaken by the company in areas or subject specified in Schedule VII to the Act;
- b. To recommend the amount of expenditure to be incurred on the activities referred to in clause (a);



- c. To formulate and recommend an annual action plan in pursuance of CSR Policy;
- d. Recommend changes to the Board, if any, needed in the annual action plan with reasonable justification to that effect;
- e. To monitor the CSR Policy as approved by the Board, from time to time.
- f. The CSR Committee shall recommend the approach and direction of CSR activities/programs to be undertaken by the company and shall also provide Guiding principles for:
 - i. Selection of CSR projects/programs/activities;
 - ii. Implementation of CSR projects/programs/activities;
 - iii. Monitoring of CSR projects/programmes/activities;
 - iv. Formulation of the annual action plan.

PROCESS TO BE ADOPTED BY CSR COMMITTEE FOR RECOMMENDING ANNUAL ACTION PLAN

CSR activities/programmes, as may be identified by internal team, functional people, Implementing Agencies, work center/corporate office employees or any individual or any stakeholder, shall be informed/addressed to CSR Committee, as a proposal, at the beginning of each financial year. The CSR Committee may suo moto consider the CSR activities/programs at its own discretion.

For the purpose of receiving proposals for CSR activities/programs and related communication, Mr. Dayanand Reddy Anugu, Managing Director, Varun Reddy Anugu, Director of the Company and Ms. Manali Anugu, Director of the Company (the “**Authorised Representatives**”), be and are hereby severally authorised by the CSR Committee and the Board of Directors.

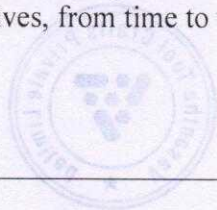
The CSR Committee shall there after formulate, consider an Annual Action Plan and recommend the same to the Board for their consideration and approval.

Provided that Annual Action Plan may be altered at any time during the financial year, as per the recommendation of CSR Committee, based on the reasonable justification to that effect. The altered Annual Action Plan shall/may be approved by the Board, considering the reasonable justification submitted by the CSR Committee.

The CSR Committee shall monitor the CSR activities/programs undertaken by the Company, from time to time.

REPORTING, MONITORING AND FEEDBACK

To ensure effective implementation of the CSR programmes undertaken, the Authorised Representatives shall receive the feedback from all the project beneficiaries/stakeholders. The progress of CSR programmes under implementation will be considered by the Authorised Representatives, from time to time.



The Authorised Representative may also obtain feedback from beneficiaries/stakeholders about the CSR activities/programs.

CSR activities of the Company will also be reported in the Annual Report of the Company. An annual report on CSR activities shall be included in the Board's Report forming part of Annual Report of the Company.

The Composition of the CSR Committee, this CSR Policy and projects approved by the Board shall be placed on the website of the Company.

The Board shall ensure that the funds so spent towards the CSR activities/programs are utilised by the Company and only as per the approvals received from the Board and the Chief Financial Officer of the Company or the person responsible for the financial management shall certify to this effect.

In case of Ongoing Project, the Board shall ensure the implementation of the project with reference to the approved timelines and year wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project.

The Company may engage International Organisations for evaluation of CSR projects/programmes as per this Policy.

The Board shall carry out the impact assessment through an Independent agency appointed for the purpose based on the applicability and in accordance with the provisions of the Act and Rules made thereunder.

MISCELLEANOUS

In case of any doubt with regard to any provision of the policy and also in respect of matters not covered herein, a reference to be made to CSR Committee. In all such matters, the interpretation & decision of the CSR Committee shall be final. However, the CSR Committee shall have the regard to the Act, Rules, clarifications and circulars issued by the Ministry of Corporate Affairs.

The CSR Committee and the Board has considered the MCA general circular no: 14/2021 dated August 25, 2021 (the "**Circular**"). This policy shall be read in accordance with the clarification issued by MCA in the said Circular (including any modifications/amendments made thereunder).

This Policy shall be available on the website of the Company.

The provision of any amendment/modification of the Act, Rules or any Circular/Guidance note, issued after the signing of this policy, shall be deemed to have been included in this Policy and shall be considered to be included until the further amendment to this Policy.



The policy shall be interpreted in line with the circulars and clarifications the Ministry of Corporate Affairs (MCA) and the guidance notes, FAQs issued by the Institute of Company Secretaries of India (ICSI).

For and on behalf of the Board of Directors
For Vasantha Tool Crafts Private Limited



Dayanand Reddy Anugu
Managing Director
DIN: 00587666



Date: April 25, 2024
Place: Hyderabad

