



**ESCORP
ASSET MANAGEMENT**

CORPORATE SOCIAL RESPONSIBILITY POLICY

ESCORP ASSET MANAGEMENT LIMITED

SIGNATORIES

Version	Prepared by	Reviewed by	Confirmed by	Approved by
1.0	Chaitali Pansari Company Secretary	Mr. Shripal Shah Executive Director & Chief Financial Officer	CSR Committee	Board of Directors
2.0	Ms. Anjali Gorsia Chief Regulatory Officer	Mr. Shripal Shah Executive Director & Chief Financial Officer	CSR Committee	Board of Directors

VERSION CONTROL

Version	Date	Description	Description of Changes
1.0	11/11/2022	Corporate Social Responsibility (CSR) Policy	Adoption of New policy
2.0	15/01/2025	Corporate Social Responsibility (CSR) Policy	Annual Review

1. PREAMBLE

Escorp Asset Management Limited (“**Escorp**” or “**the Company**”) through the recommendations made by the Corporate Social Responsibility Committee (“**CSR Committee**”) has developed a Corporate Social Responsibility Policy (“**CSR Policy**”) in alignment with its objective, principles and values, for delineating its responsibility as a socially and environmentally responsible corporate citizen. This CSR Policy lays down the principles and mechanisms for undertaking various programs in accordance with the Act (*as defined below*) and the rules thereunder.

The Company is committed to Corporate Social Responsibility (“**CSR**”) proposes to and aims to create a positive social impact. Recognizing the need for focus, it prioritizes fewer projects with meaningful outcomes, particularly benefiting communities where it operates. All CSR initiatives align with national interests, legal provisions, and sustainable development goals.

This Policy shall be interpreted in accordance with Section 135 of the Act (as defined below), the Companies (Corporate Social Responsibility Policy) Rules, 2014 (“**CSR Rules**”), General Circular No. 14/2021 on “Frequently Asked Questions on Corporate Social Responsibility (CSR)” dated August 25, 2021, issued by the Ministry of Corporate Affairs, and all relevant rules, regulations, circulars, and notifications, as amended from time to time..

2. DEFINITIONS

- a) “**Act**” means the Companies Act, 2013 (18 of 2013);
- b) “**Administrative Overheads**” has the following meaning and scope ascribed to it:
 - i. the expenses incurred by the Company for ‘general management and administration’ of CSR functions in the Company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular CSR project or programme including expenditure incurred on impact assessment;
 - ii. administrative overheads generally comprise items such as employee costs, utilities, office supplies, legal expenses, etc;
 - iii. expenses which are attributed to the project implementation shall be included in project cost only. For example, salary and training for the employees working in the CSR division of a company, stationery cost, travelling expenses, etc. may be categorised as administrative overheads. However, salary of school teachers or other staff, etc. for education-related CSR projects shall be covered under education project cost; and
 - iv. expenses incurred by Implementing Agencies (Defined hereinafter) on the management of CSR projects shall not amount to administrative overheads.
- c) “**Board**” means the Board of Directors of the Company, as duly appointed.
- d) “**Board’s Report**” means the report by the Board of the Company made pursuant to Section 134 of the Act;
- e) “**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 in accordance with the provisions contained in the CSR rules, but shall not include the following, namely:

- (i) activities undertaken in pursuance of normal course of business of the Company: Provided that if the Company is engaged in research and development activity of new vaccine, drugs and medical devices in their normal course of business, it 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); Explanation: Any activity which is not designed to benefit employees solely, but the public at large, and if the employees and their family members are incidental beneficiaries, then, such activity would not be considered as "activity benefitting employees" and will qualify as an eligible CSR activity.
 - (v) activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services; Explanation: It is clarified that CSR may not be used purely as a marketing or brand building tool for business, but brand building as a collateral benefit does not vitiate the spirit of CSR.
 - (vi) activities carried out for fulfilment of any other statutory obligations under any law in force in India;
- f) **"CSR Committee"** means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act;
 - g) **"CSR Policy"** means this CSR Policy and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan;
 - h) **"International Organisation"** means an organisation notified by the Central Government as an international organisation under section 3 of the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947), to which the provisions of the Schedule to the said Act apply;
 - i) **"Net Profit"** means the net profit of the Company as per its financial statement 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.

Net Profit may be calculated in accordance with Section 198 of the Act. Profit before Tax is used for computing net profit under Section 135 of the Act.

- j) **“Ongoing Project”** means a multi-year project undertaken by a Company in fulfilment of its CSR obligation having timelines not exceeding 3 (three) years excluding the financial year in which it was commenced, and which shall include such projects that were initially not approved as multi-year projects but whose duration has been extended beyond 1 (one) year by the Board based on reasonable justification.
- k) **“Public Authority”** means ‘Public Authority’ as defined in clause (h) of section 2 of the Right to Information Act, 2005 (22 of 2005);
- l) **“Registered Public Trust”** (as referred to in Rule 4(1) of the CSR Rules) would include trusts registered under the Income Tax Act, 1961 in respect of those states where registration of public trusts is not mandatory.
- m) **“Surplus”** refers to income generated from the spend on CSR projects, e.g., interest income earned by the implementing agency on funds provided under CSR, revenue received from the CSR projects, disposal/sale of materials used in CSR projects, and other similar income sources.

Words and expressions used and not defined in this Policy but defined in the Act and/or rules, circulars, notifications etc. shall have the same meanings respectively assigned to them in the Act or rules, circulars, notifications etc.

3. SCOPE AND APPLICABILITY

This Policy shall be applicable to all CSR initiatives and activities undertaken by the Company either directly or through entities as mentioned in Rule 4 of the CSR Rules for the benefit of different segments of the society.

4. OBJECTIVE OF CSR POLICY

The objective of this CSR Policy is to define key focus areas, establish implementation processes, and initiate community-beneficial projects. It aims to foster employee involvement in CSR initiatives and build goodwill in current and prospective operational areas.

5. GOVERNANCE STRUCTURE

Board of Directors

Corporate Social Responsibility Committee

- a. Section 135 of the Act mandates every company having a net worth of Rs. 500 Crores or more or turnover of Rs. 1,000 Crores or more or net profit of Rs. 5 Crores or more during the immediately preceding financial year to constitute a Corporate Social Responsibility (CSR) Committee.

- b. The CSR Committee of the Board is responsible for such activities as is more elaborately set out in Clause 6 of this CSR Policy.

6. RESPONSIBILITIES OF THE CSR COMMITTEE:

The CSR Committee shall:

- a. Formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the company in areas or subjects, specified in Schedule VII of the Act;
- b. Recommend the amount of CSR expenditure to be incurred on the activities referred to in clause (a) above; The CSR Committee shall provide guidance on the allocation of the CSR budget among the Focus Areas/Goals on an annual basis.
- c. Monitor the CSR Policy of Company from time to time including monitoring the progress of projects or programs against which CSR expenditure is contributed;
- d. Ensure that the activities as are included in the CSR Policy of the Company are undertaken by the Company;

7. RESPONSIBILITIES OF THE BOARD

Considering that CSR is a Board-driven process, the Board will be required to:

- a. approve of the CSR Policy;
- b. disclose contents of the CSR Policy in its report and also place it on the Company's website, if any;
- c. ensure that the activities as proposed to be undertaken are included in the CSR Policy of the Company;
- d. ensure that the Company spends, in every financial year, at least 2% (two per cent) of the average net profits of the company made during the 3 (three) immediately preceding financial years;
- e. if the Company fails to spend at least 2% (two per cent) of the average net profits of the Company, the Board shall, in its report made the Board Report, specify the reasons for not spending the amount and transfer the unspent CSR amount as per provisions of sections 135(5) and 135(6) of the Act, more elaborately set out in Clause 15 of this CSR Policy.
- f. in case of an Ongoing Project, the Board shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation The Board in shall also be competent to transfer the unspent money to a separate bank account as prescribed under section 135(6) of the Act. Under exceptional circumstances, the Board may abandon or modify an Ongoing Project, partially or wholly, during the prescribed project period as per the recommendation of the CSR Committee, and by providing reasonable justification to that effect.

8. PRINCIPLES OF SELECTION OF CSR ACTIVITY

The Company recognizes the interdependence between its actions and the community, striving to be a valuable asset through continuous stakeholder engagement. As part of its CSR program, it proposes to undertake projects for social, community, and environmental well-being, with support based on project scale and feasibility. While identifying CSR initiatives, efforts should be made to define objectives, conduct baseline surveys for impact assessment, establish implementation timelines, assign responsibilities, and outline expected results with measurable outcomes.

9. FOCUS AREAS/ GOALS

The Company shall undertake CSR Projects / Programs that are aligned with areas listed in Schedule VII of the Act, within the geographical limits of India, for the benefit of marginalized, disadvantaged and underserved sections of the community and the environment. Schedule VII activities are listed below:

- 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;
- promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- 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;
- 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 setup by the Central Government for rejuvenation of river Ganga;
- 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;
- measure for the benefit of armed force veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows;
- training to promote rural sports, nationally recognized sports, Paralympic sports and Olympics sports;
- contribution to the Prime Minister's National Relief Fund or Prime Minister's Central 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 Scheduled Castes, the Schedule Tribes, other backward classes, minorities and women;
- (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).

- Defence Research and Development Organisation (DRDO), Department of Biotechnology (DBT)
- rural development projects.
- slum area development.
- disaster management, including relief, rehabilitation and reconstruction activities.

10. IMPLEMENTATION

- a. The Board shall ensure that the CSR activities are undertaken by the Company either by itself or through the following entities as per Rule 4 of CSR Rules:
 - i. a company established under section 8 of the Act, or a Registered Public Trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the Company, either singly or along with any other company, or
 - ii. 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
 - iii. any entity established under an Act of Parliament or a State legislature; or
 - iv. a company established under section 8 of the Act, or a Registered Public Trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least 3 (three) years in undertaking similar activities.
- b. Mere disbursement of funds to Implementation Agencies for implementation of a CSR project does not amount to spending unless the Implementing Agency utilises the whole amount towards the CSR project.

11. MONITORING PROCESS OF CSR PROJECTS

The CSR Committee will establish a monitoring mechanism to ensure effective implementation of CSR projects at each location. It will formulate an annual action plan and periodically review the progress of ongoing and completed projects. To maintain transparency and stakeholder communication, the CSR Management Committee will assist in documenting CSR initiatives, expenditures, and unspent amounts, ensuring their inclusion in the Company's Annual Report as part of the Board's Report.

12. ANNUAL ACTION PLAN

The annual action plan shall be formulated by the CSR Committee and the same shall be recommended to the Board. The annual action plan in pursuance of its CSR Policy, shall include the following, namely:-

- 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;
- b. the manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4 of the CSR Rules;
- c. the modalities of utilisation of funds and implementation schedules for the 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.

The 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.

13. CSR EXPENDITURE

- a. The board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.
- b. Any Surplus arising out of the CSR projects shall not form part of the business profit of the Company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of this CSR Policy and annual action plan of the Company or transfer such Surplus amount to a Fund specified in Schedule VII of the Companies Act, 2013, within a period of 6 (six) months of the expiry of the financial year.
- c. In case the Company spends an amount in excess of the CSR Obligation (as per the third proviso to 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 immediately succeeding 3 (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 projects, if any, in pursuance of sub-rule (2) of Rule 7 of the Companies (Corporate Social Responsibility) Amendment Rules, 2021.
 - (ii) the Board of the Company shall pass a resolution to that effect.
- d. The CSR amount may be spent by the Company for creation or acquisition of a capital asset, which shall be held by – 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 beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or a Public Authority.

14. CSR REPORTING AND DISCLOSURE

- 1) The Board's Report of a company covered under these rules pertaining to any financial year shall include an annual report on CSR containing particulars specified in Annexure I or Annexure II., as applicable.

- 2) In case of a foreign company, the balance sheet filed under clause (b) of sub-section (1) of section 381 of the Act, shall contain an annual report on CSR containing particulars specified in Annexure I or Annexure II, as applicable.
- 3)
 - a) Every company having average CSR obligation of ten crore rupees or more in pursuance of subsection (5) of section 135 of the Act, in the three immediately preceding financial years, shall undertake impact assessment, through an independent agency, of their CSR projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study.
 - b) The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.
 - c) A Company undertaking impact assessment may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed two percent five percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is higher

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.

15. UNSPENT CSR AMOUNT

- 1) If the Company fails to meet its CSR obligation, the Board shall specify the reasons in the Board's Report and Annual CSR Report.
- 2) Any unspent amount related to Ongoing Projects must be transferred within 30 days from the financial year-end to a designated 'Unspent CSR Account' in a scheduled bank and utilized within three financial years; otherwise, it must be transferred to a Fund specified in Schedule VII of the Act within 30 days after the third financial year.
- 3) Unspent amounts from projects other than Ongoing Projects must be transferred to a Schedule VII Fund within six months from the financial year-end. During this six-month period, such unspent amounts cannot be used for any CSR projects. To facilitate this, the Company shall maintain a single 'Unspent CSR Account' per financial year, ensuring it is not used for collateral, charges, or other business activities.

16. CONTACT

For queries related to CSR Policy, please contact

Compliance Officer
Escorp Asset Management Limited
Email id: info@escorpamc.co.in