

Nesco Limited – Corporate Social Responsibility (CSR) Policy

INTRODUCTION:

Nesco has been involved in various Social Responsibility initiatives over the last many years. These efforts have substantially improved the quality of lives of people through health care, education, livelihoods and community development initiatives, making their living experience better. These activities are spread across Gujarat and Maharashtra and reach also beyond our business locations impacting the lives of marginalized communities.

Corporate Social Responsibility (CSR) Policy shall apply to all CSR initiatives and activities taken up at the various work centres and locations of Nesco, for the benefit of different segments of the society.

At Nesco, we lay particular emphasis on enhancing quality of life for the community in which we live and work. Our CSR vision is based on embedded principles of trust, fairness, care and shall be based on below keystones:

1. Education
2. Health
3. Drinking Water
4. Sanitation
5. Environment
6. Incubation Centre

The Company's CSR initiatives has played pivotal role in improving the lives of the communities and society at large and in and around our areas of operations with an objective to energize, involve and enable them to realize their potential. This has also enabled us to fulfil our commitment to be a socially responsible corporate citizen.

VISION:

In alignment with *vision* of the Company, the Company, through its CSR initiatives, will continue to enhance value creation in the society and in the community in which it operates, through its services, conduct and initiatives, so as to promote sustained growth for the society and community, in fulfillment of its role as a *Socially Responsible Corporate*, with environmental concern.

DEFINITIONS:

- “**Act**” means the Companies Act, 2013.
- “**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 rules, 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;

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- (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;
- “**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;
- “**Board**” means the Board of Directors of the Company.
- “**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:
 - (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: Provided that in case of a foreign company covered under these rules, net profit means the net profit of such company as per profit and loss account prepared in terms of clause (a) of sub-section (1) of section 381, read with section 198 of the Act;
- “**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;

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE AND ITS ROLE:

Composition of CSR Committee:

The Company's Corporate Social Responsibility Committee consists of Four Directors out of which two Directors are Independent Directors. The CSR Committee comprises of following directors:

Name of Director	Nature of Directorship	Designation
Mr. Sumant J. Patel	Executive Chairman	Chairman
Mr. Krishna S. Patel	Vice Chairman and Managing Director	Member
Mr. Mahendra K. Chouhan	Independent Director	Member
Mr. Jai S. Diwanji	Independent Director	Member

Constitution and role of CSR Committee

The Constitution and the role of the CSR Committee of the Board of the Company shall be in accordance with Section 135 and other applicable provisions of the Companies Act, 2013 and Companies (Corporate Social Responsibility) Rules, 2014 including any modifications or amendments thereof.

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The Committee shall hold meetings as and when required, to discuss various issues on implementation of the CSR Policy of the Company

The Role of CSR Committee shall include the following:

- (a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- (b) recommend the amount of expenditure to be incurred on the activities;
- (c) To monitor the CSR Policy from time to time;
- (d) To ensure that the Company spends in every financial year, 2% of the average net profits of the Company made during the 3 preceding financial years; and
- (e) Any other matter as may be considered expedient in furtherance of and to comply with the CSR Policy of the Company.

CSR ACTIVITIES:

The Company's CSR activities shall primarily include one or more of the items covered under Schedule VII of the Act with special focus on the following:

- (i) Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;
- (ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- (iii) 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;
- (iv) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine;
- (v) rural development projects.

IMPLEMENTING AGENCY:

Company shall make contributions towards its CSR activities either through Direct or Indirect way

Direct Way i.e., Company shall directly pay or spent towards CSR Activity.

Indirect Way i.e., Company shall pay or contribute towards CSR activity through an Implementing Agency.

Implementing Agency:

Following Section 8 Company / Trust / Societies shall act as an Implementing Agency for Nesco Limited:

- Nesco Foundation for Innovation and Development, Mumbai and Karamsad
- Karamsad Kelavani Mandal, Karamsad

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- Shree Santram Samaj Seva Trust, Karamsad
- Shree Kelavani Mandal, Tarapur

Company can also contribute to any other Section 8 Company / Trust / Societies for its CSR contribution as per the proposed plan of the Company.

IMPLEMENTATION:

The CSR Committee shall formulate and recommend to the Board, an annual action plan, which shall include the following:

- List of approved CSR Projects or programmes to be undertaken in areas or subjects specified in Schedule VII of the Act;
- Execution Plan for such Projects or Programmes;
- Implementation schedule for the projects and modalities of utilisation of funds;
- Monitoring and reporting mechanism for the projects or programmes.

The CSR Committee if required, may recommend to the Board to carry on Impact Assessment of the Projects undertaken by the Company.

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

FUNDING AND ALLOCATION:

CSR Contribution:

The Company has to spent 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 Corporate Social Responsibility Policy:

Unspent CSR Amount:

If the Company fails to spend such amount, the Board shall provide reasons for not spending the amount in its Annual Report and unless the unspent amount relates to any ongoing project, transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

Surplus CSR Amount:

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 as per policy and 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.

Spent in Excess CSR Amount:

Any amount spent in excess of requirement as per 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 –

- the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any.
- the Board shall pass a resolution to that effect.

DISCLOSURE OF CSR POLICY

This policy shall also be uploaded on the Company's website at www.nesco.in and shall disclose contents of such CSR Policy in the Company's annual report.

GENERAL:

- The Company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities.
- The Company may decide to undertake its CSR activities approved by the CSR Committee, either directly or through a registered trust or a registered society or a company having an established track record of not less than three years in undertaking similar programmes or projects and the Company shall specify the projects or programmes to be undertaken through these entities, the modalities of utilisation of funds on such projects and programmes and the monitoring and reporting mechanism.
- The Company may also collaborate with other companies for undertaking CSR projects or programmes or activities in such a manner that the CSR Committees of respective companies are in a position to report separately on such projects or programmes in accordance with the corresponding Rules in this respect.
- The Company may build CSR capacities of its own personnel as well as those of its implementing agencies through Institutions with established track record of at least three financial years but such expenditure shall not exceed 5 per cent of total CSR expenditure of the Company in any particular financial year.
- Contribution of any amount directly or indirectly to any political party under Section 181 of the Companies Act, 2013, shall not be considered as CSR activity.
- The CSR activities do not include the activities undertaken in pursuance of normal course of business.
- The CSR projects or programmes or activities that benefit only the employees of the Company and their families shall not be considered as CSR activities in accordance with Section 135 of the Companies Act, 2013.
- The Board of Directors is ensuring that activities included by the Company in its Corporate Social Responsibility Policy are related to the activities included in Schedule VII of the Companies Act, 2013

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- 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 by the Government, from time to time.
- The Company reserves the right to modify, cancel, add or amend this Policy as it deems fit.
