

ITI LIMITED
CORPORATE SOCIAL RESPONSIBILITY POLICY

POLICY STATEMENT

(As per CSR Amendment Rules 2021)

We at ITI Limited (ITI) strive to accomplish our vision to lead India's transformation towards self-reliance in the domain of Telecommunications, Electronics, and ICT products, services and solutions that change lives for better and to address the concerns of economic status, environment and well-being of the society through CSR initiatives. ITI will:

1. Operate its CSR Projects in a socially responsible & sustainable manner, while recognizing the interests of all its stakeholders by adopting a shared value approach.
2. Ingrain the thrust of CSR and Sustainability concept across various levels in the organization by means of capacity building, awareness and training programs.
3. Committed to allocate adequate resources and set up a suitable organization structure for steering the CSR and Sustainability in our organization and report our performance on an annual basis.

1. Objectives:

The Objectives of the CSR projects will be as follows:

- To carry out CSR activities in an economically, socially and environmentally sustainable manner that is transparent and ethical.
- To integrate the core values of the company with the philosophy of corporate social responsibility (CSR) and Sustainability.
- To incorporate the spirit of CSR and Sustainability to the employees at all levels and to infuse into all the activities, processes, operations and transactions of the company.
- To undertake any other matter as deemed appropriate or determined by the Board from time to time in the best interest of the Company and other stakeholders of the Company.

2. Scope:

ITI will integrate the CSR and Sustainability plans and strategies with the business plans and strategies. The Projects / Activities as deemed fit under Schedule VII of the Companies Act, 2013 (**Appendix – A**) will be taken up by the Company and any changes/ updations made in the Companies Act, 2013 thereto will be adopted accordingly. Any other Project/ activity not falling within the ambit Companies Act, 2013 under Schedule VII, will not be considered as a CSR Project / activity and the amount spent therein will not be accounted for CSR Expenditure of the Company.

3. Definitions:

3.1 "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;
- (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;

3.2 "CSR Committee" means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act;

The Corporate Social Responsibility Committee shall, —

- (a) Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company [in areas or subject, specified in Schedule VII];
- (b) Recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- (c) Monitor the Corporate Social Responsibility Policy of the company from time to time.

- 3.3 "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;
- 3.4 "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;
- 3.5 "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;
- 3.6 "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;
- 3.7 "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;
- 3.8 "Public Authority" means 'Public Authority' as defined in clause (h) of section 2 of the Right to Information Act, 2005 (22 of 2005);

4. Budget & Approval:

- 4.1 The CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy, which 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 in CSR Amendment Rules 2021;
 - (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;
 - (f) Provided that 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.
- 4.2 The budgetary allocation for CSR Projects/ activities for the year will be based on the profitability of the company. The budget allocation for the CSR Projects will be 2% of the Average Net Profits of the Company made during the three immediately preceding financial years. Provided further that, if the company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134, specify the reasons for not spending the amount.
- 4.3 The board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.
- 4.4 a) 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.
- b) Any amount remaining unspent under sub-section (5), pursuant to any ongoing project, fulfilling such conditions as may be prescribed, undertaken by the company in pursuance of its Corporate Social Responsibility Policy, shall be transferred by the company within a period of thirty days from the end of the financial year to a special account to be opened by the company in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account, and such amount shall be spent by the company in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of three financial years from the date of such transfer, failing which, the company shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year.

4.5 Where the company 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 CSR Amendment Rules 2021.
- (ii) The Board of the company shall pass a resolution to that effect.

4.6 The CSR amount may be spent by the 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.

4.7 The Company will give preference to the local area and areas around the Divisions / Complexes where it operates, for spending the amount earmarked for Corporate Social Responsibility Projects/ activities.

4.8 The Board is the Competent Authority for approving the policy on Corporate Social Responsibility of the Company based on the recommendation of the CSR Committee of the Board. The Board shall ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the company.

4.9 The budget for CSR Projects/ activities will be sanctioned by the Corporate Office/ Board. The Projects/ activities are to be implemented by Complexes/ Divisions as per the Delegation of Powers (DoP).

5. Implementation & Review process:

5.1 The Board shall ensure that the CSR activities are undertaken by the company itself or through

- (a) 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
- (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, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

5.2 The company may also collaborate with other companies for undertaking projects or programmes 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 programmes in accordance with these rules.

5.3 The company may engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy as well as for capacity building of their own personnel for CSR.

5.4 The Board of the company shall satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.

5.5 In case of ongoing project, the Board of the Company shall monitor 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 within the overall permissible time period.

5.6 The Divisions/ Unit may conduct a baseline survey to assess the inputs required for identification & implementation of Projects/ activities under CSR to achieve the expected level of social/ economic/ environmental development. In this regard, it is to state that Gram Sabhas and Panchayati Raj institutions at the village level are important and reliable sources for assessing the social, economic and environmental needs in rural areas. Therefore, as far as possible they should be consulted in planning for CSR Projects/ activities.

- 5.7 Conducting a baseline survey is not a mandatory provision; accordingly, the Divisions/ Complexes may opt for other methods, including use of its own in-house expertise and resources for need assessment studies. However, the Complexes/ Divisions has to essentially submit credible evidence of having made a fairly accurate assessment of the needs of the stakeholders or having accessed reliable data in this regard from recognized authoritative secondary sources, the same would also help in making a fair estimation of the social/ economic/ environmental impact after the conclusion of the activity.
- 5.8 The Divisions will choose Projects/ activities falling within the ambit of Schedule VII of Companies Act, 2013. CSR expenditure shall include all expenditure including contribution to corpus for projects or programs relating to CSR Committee activities approved by the Board on the recommendation of its CSR Committee, but do not include any expenditure on an item not in conformity or not in line with activities mentioned in the Schedule VII of the Companies Act, 2013.
- 5.9 Projects/ activities which are selected under CSR should, as far as possible, be implemented in a Project mode, which entails charting the stages of execution in advance through planned processes, with mobilization of pre-estimated quantum of resources, and within the allocated budgets and prescribed timelines.
- 5.10 The Divisions may take up long gestation Projects for reaping the maximum benefits and impact towards the social, economic and environment status in the locations identified under CSR projects. For easy implementation, long-term CSR plans should be broken down into medium-term and short-term plans.
- 5.11 All the CSR Projects/ activities proposed by the Divisions will be put up to the CSR Committee of the Board for approval. Based on the recommendation of the CSR Committee, the CSR Projects/ activities along with CSR Policy would be put up to the Board for approval. The Board approved CSR Projects/ activities will be taken up by the Divisions/ Offices and the expenditure therein will be considered under CSR budget of the Company for that Financial Year.
- 5.12 While implementing CSR Projects, it is mandatory to comply with the rules/ regulations/ laws of the State. However, expenditure on such compliance/ statutory measures will not be covered under CSR 's financial component and would be considered as mainstream business spend/ expenditure.
- 5.13 The Divisions/ Complexes will not take up Projects/ activities required to be implemented by the Government and/ or for which Central/ State Government's schemes have been sanctioned, as it could result in unnecessary duplication.
- 5.14 Two-tier organizational structure is constituted to steer the CSR Projects/ activities of the Company, at the Corporate level.

- 5.15 One at the Board level to oversee the implementation and monitoring of the CSR Projects/ activities. The Board of Directors shall ensure that the activities included by the Company in its Corporate Social Responsibility Policy are related to the activities included in Schedule VII of the Act.
- 5.16 Second at one rank below the board level team headed by HR department. The committee will meet on quarterly basis. Presence of all the committee members is mandatory and no sub-delegation is permitted.
- 5.17 A 'CSR Implementation Committee' is to be created in every Unit. A Senior Officer (GM/ AGM) of the Unit will be nominated as the Head of the 'CSR Implementation Committee' who will be responsible for Planning, Implementation and Monitoring of CSR Projects/ activities of that Division who will be supported by Officials from HR, Finance. HR Head of the Division will act as a nodal point/ single point of Contact with matters regarding to CSR Projects/ activities in that Division.
- 5.18 Keeping in view of the importance of CSR Projects/ activities, the HR Heads and Divisional Heads would give due diligence and also discuss the modalities and progress of CSR Projects/ activities during the Unit review Meetings.
- 5.19 The designated nodal officer will regularly submit reports regarding the progress in the implementation of CSR activities to Corporate Office, to be put up to the CSR Committee of the Board.
- 5.20 The CSR Committee of the Board will in turn, periodically submit the reports to the Board of Directors for their information, consideration and necessary directions.
- 5.21 The Board of Directors of the company, after taking into account the recommendations of CSR Committee of the Board, approves the CSR Policy for the company and the same will be displayed on the company's website.
- 5.22 Regular/ constant feedback from the beneficiaries is very vital for any project/ activity to be successful and sustainable. In this regard, the Units/ Complexes are required to obtain regular feedback in writing/ documentary evidences/ photos/ videos, before and after implementation of Projects/ activities under CSR. The information will help/ support during the impact assessment process at the end of the Project.

6. CSR Reporting: -

- 6.1 The Company shall mandatorily disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on the website of the Company, if any, for public access.
- 6.2 The Board's Report of the company covered under these rules pertaining to any financial year shall include an annual report on CSR containing particulars specified in **Annexure II** of CSR Amendment Rules 2021.

7. Impact Assessment and Evaluation:

7.1 In order to assess the impact of its CSR Projects and Programmes, maximize outcomes and building sustainability, scalability and replicability, ITI shall undertake the following activities:

- (i) Ensure that the projects/ programmes undergo concurrent and final evaluation;
- (ii) Engage credible third parties, if required, to undertake evaluation of all or selected projects/ programmes.

7.2 Impact assessment shall be carried out through an Independent agency, if applicable, as defined in sub rule (3) of rule 8 in CSR Amendment Rules 2021 and the impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.

-----X-----

(Appendix – A)

SCHEDULE VII (Section 135)

Activities which may be included by companies in their Corporate Social Responsibility Policies Activities relating to:—

- (i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation ⁴[including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of 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) 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 ⁴[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 ⁸[or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)] or any other fund set up by the central govt. 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

(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.

ANNEXURE -II

FORMAT FOR THE ANNUAL REPORT ON CSR
ACTIVITIES TO BE INCLUDED IN THE BOARD'S
REPORT FOR FINANCIAL YEAR COMMENCING ON
OR AFTER 1ST DAY OF APRIL, 2020

1. Brief outline on CSR Policy of the Company.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).

Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate

5. Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs) Lakhs	Amount required to be set-off for the financial year, if any (in Rs) Lakhs
1			
2			
3			
	TOTAL		

6. Average net profit of the company as per section 135(5).

7. (a) Two percent of average net profit of the company as per section 135(5)
- (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years
- (c) Amount required to be set off for the financial year, if any
- (d) Total CSR obligation for the financial year (7a+7b-7c).
8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in Rs.) Lakhs 2020-21	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.

(b) Details of CSR amount spent against **ongoing projects** for the financial year:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)		
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Project duration.	Amount allocated for the project (in Rs.).	Amount spent in the current financial year (in Rs.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State.	District.						Name	CSR Registration number.
1.												
2.												
3.												
	TOTAL											

(c) Details of CSR amount spent against **other than ongoing projects** for the financial year:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No)	Location of the project.		Amount spent for the project (in Rs.)	Mode of implementation - Direct (Yes/No)	Mode of implementation through implementing agency.	
				State.	District			Name	CSR registration number
1.									
2.									
3.									
	TOTAL								

- (d) Amount spent in Administrative Overheads
- (e) Amount spent on Impact Assessment, if applicable
- (f) Total amount spent for the Financial Year
(8b+8c+8d+8e)
- (g) Excess amount for set off, if any

Sl. No.	Particular	Amount (in Rs.) Lakhs
(i)	Two percent of average net profit of the company as per section 135(5)	
(ii)	Total amount spent for the Financial Year	
(iii)	Excess amount spent for the financial year [(ii)-(i)]	
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs).	Date of transfer.	
1.							
2.							
3.							
	TOTAL						

(b) Details of CSR amount spent in the financial year for **ongoing projects** of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in Rs.).	Amount spent on the project in the reporting Financial Year (in Rs).	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project - Completed /Ongoing.
1.								
2.								
3.								
	TOTAL							

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year

(asset-wise details).

Date of creation or acquisition of the capital asset(s).

(a) Amount of CSR spent for creation or acquisition of capital asset

(b) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.

(c) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).

Sd/- (Chief Executive Officer or Managing Director or Director).	Sd/- (Chairman CSR Committee).	Sd/- [Person specified under clause (d) of sub-section (1) of section 380 of the Act] (Wherever applicable).
--	-----------------------------------	--