

CORPORATE SOCIAL RESPONSIBILITY POLICY

Corporate Social Responsibility (“**CSR**”) is the commitment of companies to provide resources and support activities focused on enhancing economic and social development. It is the effort made by companies to improve the living conditions of the local area in which they operate and the society at large. The activities taken up as a part of corporate social responsibility reflect the intent to create a positive impact on society without seeking any commensurate monetary benefits.

CSR has been a long-standing commitment of Lohia Corp Limited (“**Company**”) and forms an integral part of Company’s activities. Being a responsible corporate citizen, the Company is committed to performing its role towards the society at large. In alignment with its vision, the Company always works towards adding value to its stakeholders by going beyond business goals and contributing to the well-being of the community.

The Company’s belief is that the engagement with social issues must be profound to pro-actively support meaningful socio-economic development. The Company is committed to further capacity building, environmental protection, empowerment of communities, upliftment of underprivileged sections of the society contributing to the well-being of the society and benefitting them over a period of time.

The Corporate Social Responsibility Policy (“**Policy**”) of the Company sets out the framework guiding the Company’s CSR activities. The Policy also sets out the rules that need to be adhered to while taking up and implementing CSR activities.

The Policy, composition of the Corporate Social Responsibility Committee (“**CSR Committee**”) and projects approved by the Board of Directors (“**Board**”) shall be disclosed under a separate section on the website of the Company.

1. SCOPE OF THE POLICY

The Policy would pertain to all activities undertaken by Company towards fulfilling its corporate social responsibility objectives. The Policy would also ensure compliance with section 135 of the Companies Act, 2013 (“**Companies Act**”), read with Schedule VII of the Companies Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014 (“**CSR Rules**”), each as amended from time to time and the notifications and circulars issued by the Ministry of Corporate Affairs from time to time and the rules framed thereunder (“**CSR Regulations**”). In the event of any inconsistency or discrepancy between this Policy and the CSR Regulations, the provisions of the CSR Regulations shall prevail.

2. GOVERNANCE STRUCTURE

The CSR Committee is the governing body that will define the scope of CSR activities for the Company and ensure compliance with the Policy.

- (a) The CSR Committee shall:
 - (i) Formulate the Policy and recommend to the Board any amendments thereto;
 - (ii) Indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
 - (iii) Review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the Company which shall be not less than 2% of the Company’s average net profits of preceding three financial years, and the annual CSR plan to the Board;
 - (iv) Monitor the CSR activities and compliance with the Policy from time to time; and
 - (v) Review and implement, if required, any other matter related to CSR initiatives.

- (b) The Committee shall meet as often as necessary from time to time.
- (c) The Board shall:
 - (i) Approve the Policy based on the recommendation of the CSR Committee;
 - (ii) Ensure that Company makes mandatory disclosures in the Company's Annual Reports and website;
 - (iii) Approve the CSR activities and annual CSR plan based on the recommendation of the CSR Committee;
 - (iv) Ensure that the activities as are included in Corporate Social Responsibility Policy of the Company are undertaken by the Company;
 - (v) Ensure that the Company spends, in every financial year, at least two per cent of the average net profits of the Company made during the three immediately preceding financial years;
 - (vi) Ensure that the administrative overheads are not more than 5% of the total CSR Expenditure;
 - (vii) Ensure 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.
 - (viii) Approve for transfer of unspent CSR Amount, if any, as per the provisions of the Companies Act; and
 - (ix) Review the Policy and CSR activities.

3. COMPOSITION

The CSR Committee shall consist of 3 or more directors, out of which at least one director must be an independent director. The Board may change the composition of the CSR Committee from time to time in such manner as it thinks fit and as required under the CSR Regulations.

4. OPERATING FRAMEWORK

- 4.1** CSR activities may be undertaken by the Company.
- 4.2** CSR activities will be undertaken in areas identified by the CSR Committee. An annual CSR plan shall be presented to the CSR Committee and, based on its recommendations, to the Board of Directors for approval.
- 4.3** Activities undertaken by Company may be implemented directly by the Company or through any implementing agency.
- 4.4** The responsibility for implementation of identified activities/ projects shall be as per the organizational structure approved by the Managing Director.
- 4.5** The annual plan shall incorporate the following:
 - (a) The prescribed outlay on CSR as per the Companies Act, 2013 and related rules as amended from time to time;
 - (b) Key CSR activities proposed to be undertaken during the year, including analysis of their eligibility for classification as CSR under the Companies Act, 2013 and related rules as amended from time to time, their conformity with the Policy and their implementation schedules;
 - (c) Proposed outlay on each activity including expenditure on administrative overheads both directly and indirectly including employee costs;

- (d) Activities to be undertaken by the Company directly;
- (e) Activities to be undertaken by other entities and the Company's contribution to such entities; and
- (f) Aggregate proposed outlay and reasons for shortfall, if any, compared to the prescribed outlay.

4.6 The authority to incur expenditures under the above plan shall be as per the approved delegation of financial powers in the Company.

4.7 Funds would be disbursed either in tranches or as one-time payment. The terms, conditions and timing of disbursement would be conditional upon the nature and requirement of the CSR project or programme.

5. DECISION MAKING BY THE CSR COMMITTEE

The CSR Committee shall at all time act in a manner that is consistent with the provisions contained in this Policy and the CSR Regulations.

6. CSR SPENDING

6.1 The Company may, in every financial year, spend such amounts on its CSR activities as the CSR Committee may authorize from time to time subject to the limits as approved by the Board, provided that the Board shall ensure that the CSR expenditure is compliant with the CSR Regulations.

6.2 The Company shall undertake CSR spending in accordance with the CSR Regulations, as amended from time to time.

7. CSR IMPLEMENTATION

7.1 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 80G of the Income Tax Act, 1961 (43 of 1961), established by the Company, either singly or along with any other company;
- (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;
- (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,

In the manner prescribed under the CSR Regulations, as amended from time to time.

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

7.3 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.

7.4 In case of ongoing project, the Board 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.

7.5 The CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its 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 Companies Act;
- (b) the manner of execution of such projects or programmes as specified in 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,

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.

8. MONITORING

The CSR Committee shall ensure a transparent monitoring mechanism for CSR activities.

- (a) The progress of the CSR activities shall be reviewed regularly, including the annual review by the CSR Committee.
- (b) The person responsible for financial management shall be responsible for monitoring expense on CSR activities with respect to the plan and submission of the same to the CSR Committee and the Board.
- (c) The Board of Directors shall review the progress of CSR activities at least annually.

9. DISCLOSURE

The Board Report of the Company covered under these rules pertaining to any financial year shall include an annual report on CSR containing particulars specified in the CSR Regulations, as applicable to the Company.

The above information shall also be displayed on the Company's website.

10. CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

The projects or programmes to be undertaken by Company as CSR in India will be considered and approved by the CSR Committee of Company. Any project or programme that is exclusively for the benefit of Company's employees would not be considered as CSR. Company's primary focus areas for CSR activities are:

1. Eradicating hunger, poverty and malnutrition
2. Promoting health care including preventive health care and sanitation
3. Promoting education
4. Ensuring environmental sustainability, ecological balance

11. EFFECTIVE DATE

The Policy shall be effective from the date of approval of the Board of Directors of the Company.

12. AMENDMENTS

The Policy may be reviewed and amended from time to time by the Board based on the recommendation of the CSR Committee.