

## CORPORATE SOCIAL RESPONSIBILITY POLICY

### ➤ PREAMBLE TO THE POLICY:

Cerebra Integrated Technologies Limited (hereinafter referred as “Cerebra”) has been actively participating in social responsibility initiatives through the new Indian Companies Act, 2013 in one of new initiatives, has made it mandatory for companies falling under certain threshold limits of turnover or paid up capital or net profit criteria to formulate a Corporate Social Responsibility (CSR) Policy and also spend a certain amount of average net profits on specified CSR activities. Hence, it has become imperative for the Company to formulate a Policy to be compliant with law. The Board of Directors of the Company at its Meeting held on 30<sup>th</sup> May, 2018 has constituted a CSR Committee to formulate and recommend a Policy, recommend spend and also monitor CSR spends. This Policy has been framed in the light of the provisions of the Companies Act, 2013, the rules and regulations framed thereunder.

### ➤ TITTLE:

This Policy may be called as the Corporate Social Responsibility (CSR) Policy of Cerebra Integrated Technologies Limited.

### ➤ DEFINITIONS:

In this Policy, unless the context otherwise requires,-

- a) “**Act**” means the Companies Act, 2013.
- b) “**Board**” means the Board of Directors of Cerebra Integrated Technologies Limited.
- c) “**CSR Rules**” mean the Companies (Corporate Social Responsibility Policy) Rules, 2014 issued under Companies Act, 2014 by the Central Government of India.
- d) “**CSR Committee**” means the Committee constituted by the Board of Directors of the Company from time to time to comply with the provisions of Act and the CSR Rules.

- e) **'Net Profit'** means net profit as defined in Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014 as set out below:

Net Profit as per financial statements 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.

Words and expressions used and not defined in this Policy but defined in the Act and CSR Rules shall have meanings respectively assigned to them in the Act & CSR Rules.

➤ **PURPOSE OF THE POLICY:**

The purpose of this Policy is to define the CSR Policy of the Company, the projects and programs to be undertaken by the Company for the purpose of complying with the Company's' CSR obligations, to prescribe the methodologies of implementation of the Policy and periodic monitoring of the same.

➤ **CSR ACTIVITIES, PROJECTS OR PROGRAMS TO BE UNDERTAKEN UNDER THIS POLICY:**

The projects or programs to be undertaken by the Company under this Policy shall be in compliance with the subjects enumerated in Schedule VII of the Act (as amended from time to time). The extract of the schedule VII of the Act is enclosed as Annexure II to this Policy. Should there be a change in the Schedule VII of the Act, the same shall be replaced automatically as Annexure II to this Policy. The Company will select projects or programs or activities under the broad areas as are enumerated in Annexure II.

➤ **IMPLEMENTING THE POLICY:**

The overall responsibility of administering, deciding the spend and monitoring the CSR Policy will vest with the CSR Committee. However, for the day to day effective implementation, actual spending, identifying the projects, liaising with identified

agency/people, the CSR Committee, authorizes the Directors and Director HR of the Company (together shall be termed as “CSR Implementation Team”) as persons responsible for implementing the CSR Policy. The Directors and Director HR are authorized to enlist the services of such personnel of the company (Administration/Finance/HR/Quality/Legal and other persons interested in doing CSR activity and work on voluntary basis) and also seek services of an external expert agency, as they deem fit and if found necessary for the purposes of effective implementation of this Policy. The Managing Director and Director HR are authorized to make any decisions as they deem fit for the purposes of effective implementation of the Policy.

➤ **METHODOLOGY AND GUIDELINES FOR SELECTION OF PROJECTS FOR CSR ACTIVITIES:**

The CSR Implementation Team shall select the projects keeping in view the following guidelines:-

1. The subjects and projects shall be such which are covered in Schedule VII (as amended from time to time) of the Act.
2. The CSR activity shall comply with all the rules prescribed under the CSR Rules.
3. A proper due diligence shall be performed before selecting the organization/projects/agency.
4. The CSR activity shall not be in the ordinary course of the business of the Company.
5. There shall not be any contribution directly or indirectly to any political party.
6. The CSR projects or programs or activities should not benefit only the employees of the Company and their families.
7. One or more activity or programmes or organization may be selected for CSR spend but within overall limit of amount determined by CSR Committee for the year. The amount to be distributed between various projects or programmes or organization shall be decided by the CSR Implementation Team.
8. The CSR Implementation Team or personnel authorized by it shall, wherever required make personal visits to the Organization/entity to be selected for CSR activities before selection of the project for the CSR activity.

➤ **DETERMINATION OF THE AMOUNT TO BE SPENT IN ANY FINANCIAL YEAR:**

The amount to be spent on CSR activity shall be determined and recommended by the CSR Committee to the Board of Directors of the Company. The CSR Committee shall determine and recommend the amount to be spent for a particular financial year based on the audited accounts of the previous financial years. The amount to be determined shall be in accordance with the provisions of the Act and the CSR Rules. Upon approval by the Board of Directors of the amount to be spent for the financial year, the amount shall become available for actual spend.

➤ **MEETINGS OF CSR COMMITTEE:**

The CSR Committee shall meet at twice in a year or as many times as required to decide, implement and monitor the CSR activities. Such Meetings shall precede the Meetings of the Board of Directors.

➤ **APPROVAL MECHANISM FOR PROJECTS SELECTED:**

The projects or programs or organization selected for the purpose of CSR spends shall initially be made by the CSR Implementation team. The CSR Implementation Team shall submit a report to CSR Committee with the basis and reasons for selecting a particular project, its recommendation of the amount to be spent and such other matters as may be required/necessary. After selection by the CSR Implementation Team, the same shall be placed before the CSR Committee for its final approval. The CSR Committee shall approve the project/programme/organization and upon its approval, the project can be undertaken.

➤ **ACTUAL SPEND, FUNDS ALLOCATION, MAINTENANCE OF ACCOUNTS ETC.:**

The actual spend for the year shall be such as may be determined by the CSR Committee. The amount shall become available for spend after determination by CSR Committee and its approval by the Board of Directors. The finance department of the Company shall transfer the amount determined by the CSR Committee to a separate account in the books of account. All expenses of CSR shall be defrayed from the normal bank accounts of the Company upon approval by the CSR implementation Team. The finance team of the Company shall keep proper accounts of the CSR expenditure and also vouchers/bills/invoices etc.

➤ **AREA OF ACTIVITY:**

The registered office of the Company is situated in Bangalore. Karnataka, India. The provisions of the Act and CSR Rules prescribe that the CSR activities shall be performed by giving preference to the local area and areas around it where the Company operates. Hence, the area of activity for CSR activities shall be the state of Karnataka, India.

➤ **MONITORING OF THE CSR ACTIVITY:**

The CSR Committee shall monitor the CSR activity to be undertaken by the Company. In this process the CSR Committee shall be assisted by the CSR implementation Team. The CSR Implementation Team shall provide quarterly reports to CSR Committee to be placed in CSR Committee Quarterly meetings which shall cover the following matters:-

- a) The project or program selected for the CSR activity for the year.
- b) A brief write-up about the activity or organization selected for CSR activity and the basis and reasons for selection of a specific activity.
- c) Photographs of the activity undertaken.
- d) A report on the CSR activities every quarter and an annual report with all points as required to be placed before the Board of Directors and in its report as per the provisions of the Act and the CSR Rules.
- e) A proper account of the amounts allocated and the amounts spent for the year.

➤ **SPEND:**

The amount allocated by the CSR Committee shall be spent by the CSR Implementation Team within the same finalization year. Should there be any unspent amount for any reason out of the determined amount for the year, the CSR Committee shall take a decision on spending the same in any other manner within the framework of this Policy.

➤ **SURPLUS ARISING OUT OF CSR ACTIVITY:**

The surplus, if any, arising out of CSR activities or projects shall not form part of the business profit of the Company.

➤ **COLLABORATION WITH OTHER COMPANIES/GROUP COMPANIES ON CSR ACTIVITIES:**

Within the framework of the provisions of the Act and the CSR Rules and to the extent permitted thereunder, the CSR Committee and the CSR Implementation Team shall explore the possibility of collaborating with other companies and other group companies so that the CSR spend can be effectively and advantageously spend which shall serve greater good.

➤ **OTHER MATTERS/DIFFICULTIES:**

If there are any matters which are not covered by this Policy or in the Act or in the CSR Rules, the same shall be brought to the notice of the CSR Committee by the CSR Implementation team and thereafter the CSR Committee shall take a final decision on those matters.

➤ **APPROVED BY CSR COMMITTEE OF CEREBRA INTEGRATED TECHNOLOGIES LIMITED**

**ANNEXURE I:**

**EXTRACT OF THE CSR PROVISIONS OF THE ACT AND CSR RULES OF THE COMPANIES ACT, 2013:**

**A. Section 135 of the Companies Act, 2013**

(1) Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.

(2) The Board's report under sub-section (3) of section 134 shall disclose the composition of the Corporate Social Responsibility Committee.

(3) 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 as 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.

(4) The Board of every company referred to in sub-section (1) shall,--

(a) after taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy for the company and disclose contents of such Policy in its report and also place it on the company's website, if any, in such manner as may be prescribed; and

(b) ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the company.

(5) The Board of every company referred to in sub-section (1), shall 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, in pursuance of its Corporate Social Responsibility Policy:

Provided that 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:

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.

Explanation.--For the purposes of this section "average net profit" shall be calculated in accordance with the provisions of section 198.

**B. Extract of Companies (Corporate Social Responsibility Policy) Rules, 2014**



CSR Rules.pdf



## **ANNEXURE – II**

### **EXTRACT OF SCHEDULE VII OF THE ACT, WHICH WILL BE THE AREAS UNDER WHICH THE COMPANY WILL UNDERTAKE CSR ACTIVITIES:**

- eradicating hunger, poverty and malnutrition, promoting preventive health care and 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 centers 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;
- 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;
- measures for the benefit of armed forces veterans, war widows and their dependents;
- training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
- contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Caste the Scheduled Tribes, other backward classes, minorities and women;
- contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government
- Rural development projects."