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CORPORATE SOCIAL RESPONSIBILITY POLICY

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Background:

Section 135 of the Companies Act, 2013 (“the Act”) mandates the following classes of companies to formulate and adopt a Corporate Social Responsibility (CSR) Policy and draw out a framework for CSR:

- a) Net worth of Rs. 500 Crore or more; or
- b) Turnover of Rs. 1000 Crore or more; or
- c) Net profit of Rs. 5 Crore or more

In accordance with the said mandate of the Act and rules made thereunder, since VGM Consultants Private Limited (hereinafter referred as **‘VGM’/ ‘Company’**) qualifies on the above criteria, during the immediately preceding financial year, it is required to formulate and adopt CSR Policy.

The Board of Directors of the Company had adopted this CSR Policy in terms of section 135(3)(a) of the Act read with the Companies (Corporate Social Responsibility) Rules, 2014 (**‘Rules’**) and Schedule VII made thereunder on 17th August 2024.

The objective of this Policy is to provide an overall CSR framework, which shall at all relevant times be closely aligned with the requirements of relevant provisions of the Act.

Definitions:

- "CSR Committee" means such Corporate Social Responsibility Committee constituted or reconstituted by the Board for the time to time by whatever name referred to internally, as per the requirements of Applicable Laws, to administer and supervise the CSR under Applicable Laws, comprising of such members of the Board as provided under Section 135 of the Companies Act.
- "CSR Policy" shall mean the contents herein including any amendments made by the board of directors of the Company.
- "CSR Program(s)" means any CSR projects or programs or activities undertaken by the Company as per CSR Policy, that is in line with the activities in the areas or subjects as specified in Schedule VII of the Act, as amended;
- "Implementing Agency" shall mean such agency through which the CSR Program of the Company may be implemented, subject to the same being any of the following:
 - a) a company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80 G 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;
 - d) a company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or 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.

Explanation.-For the purpose of clause (c), the term "entity" shall mean a statutory body constituted under an Act of Parliament or State legislature to undertake activities covered in Schedule VII of the Act.'

Provided that every entity mentioned above, must have registered themselves with the Central Government by filing the form CSR-1 electronically with the Registrar.

- "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, to which the provisions of the Schedule to the said Act apply;
- "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:
- “Ongoing Project” means a multi-year project undertaken by the Company in fulfilment of its CSR obligation having timelines not exceeding 3 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 1 year by the Board based on reasonable justification;
- “CSR Unspent Account” means an account opened by the Company with a scheduled commercial bank in terms of section 135(5) of the Act;
- “Public Authority” means ‘Public Authority’ as defined in section 2(h) of the Right to Information Act, 2005;

All other words and phrases not defined herein shall have the same meaning and definition as specified under the Act or the Rules as may be amended from time to time.

Overview:

The Company looks forward to make a positive difference in the society. The Company firmly believes that it has commitment towards all its stakeholders – customers, employees, and the community in which it operates, and it can fulfil this commitment only by sustainable and inclusive growth. The Company aims to improve the quality of life through its positive intervention in the community.

VGM’s key CSR initiatives are undertaken with a long-term view and therefore, initiatives that are sustainable and that have long-term benefits to the society at large are given priority.

CSR Governance:

At VGM, the Board of Directors of the Company presently has been entrusted with the responsibility of formulating a CSR Policy and ensure transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company. The CSR shall be administered by the Board till the constitution of CSR Committee and on formation of CSR Committee, the CSR shall be administered by the CSR Committee. Basis applicability of the provisions of the Companies Act 2013, the CSR Committee would be formed when applicable.

Formation of CSR Committee:

The CSR Committee when formed will consist of atleast 3 members including 1 Independent Director. In case a Company is not required to appoint an independent director as per the provisions of sub-section (4) of section 149, it shall have in its Corporate Social Responsibility Committee two or more Directors. Further, composition of CSR Committee shall be in accordance with the provisions of Articles of Association of the Company as amended from time to time.

The CSR Committee shall meet as and when required to carry out activities in accordance with the role of the Committee. The quorum shall be two members or one third of the members of the CSR Committee and as per applicable provisions of the Articles of Association of the Company as amended from time to time. In case of urgent matters, the Committee may resolve to pass the same through circulation.

Role of Board/CSR Committee:

The Board/CSR Committee shall be required to carry out the following activities:

- a) Frame the CSR Policy (including any modifications thereto from time to time) which shall provide approach and guiding principles for selection, implementation and monitoring of CSR activities to be undertaken by the Company as well as formulation of the annual action plan;
- b) Approve and recommend annual action plan, and any modifications thereof, to the Board comprising of following information:
 - a. the list of CSR projects or Programs 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 programs;
 - c. the modalities of utilization of funds and implementation schedules for the projects or programs;
 - d. monitoring and reporting mechanism for the projects or programs; and
 - e. details of need and impact assessment, if any, for the projects undertaken by the Company;
- c) Approve specific projects, either new or ongoing, in pursuance of the focus areas outlined in this Policy, either for undertaking such projects by the Company itself, directly or through its holding, for inclusion in the annual action plan;
- d) Recommend the amount of CSR Spend in the activities to be undertaken to the Board for approval of the annual CSR Budget and the amount to be transferred in case of ongoing projects and unspent amounts;
- e) Monitor the CSR Policy and closely monitor the spending on a 'project basis' regularly;
- f) Review and recommend to the Board, the Annual Report on CSR activities to be included in Board's Report and certificate submitted by the Chief Financial Officer or the person responsible for financial management shall certify to the effect;
- g) Review and recommend to the Board, the impact assessment report obtained by the Company from time to time, wherever applicable;
- h) Undertake such activities and carry out such functions as may be provided under section 135 of the Act and the Rules.

Selection of CSR activities:

VGM believes in transforming the lives of the people especially those belonging to the underprivileged class. VGM believes in CSR activities that can bring a positive change in the society by promoting education, healthcare and environmental sustainability. The Company's key CSR initiatives will be undertaken with a long-term view. Initiatives that are sustainable, that has long-term benefits to the society at large and activities that have business linkage, but which do not result in business benefits will be accorded priority.

CSR Projects/Program(s):

The Company to undertake CSR activities within the purview of the guidelines as provided by the Ministry of Corporate Affairs and may undertake any of the activities as specified in Annexure-I to this CSR policy as its CSR Projects, which is in line with Schedule VII of the Act.

The Board or the CSR Committee, as the case may be, while formulating the annual action plan will accord priority to projects in the specific areas of the Company as mentioned above. The CSR Programs specified under this CSR Policy would be undertaken only in India and the preference shall be given to the local area and/or areas in the vicinity, where the Company operates, for spending the amount earmarked for CSR activities.

The CSR Program(s) or activities that benefit only the employees of the company and their families shall not be considered as an eligible CSR activity. Further, the activities undertaken in pursuance of normal course of business of the Company shall not be included in CSR.

Contribution of any amount directly or indirectly to any political party under section 182 of the Act shall not be considered as CSR activity.

Collaboration for CSR:

The Company may undertake its CSR activities either directly or through any implementing Agency.

Further, the Company may choose to collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the Board/CSR Committees of respective companies are in a position to report separately on such projects or programs in accordance with the Rules and amendments thereto.

Provided that if the Company, decides to undertake its CSR Programs through an Implementing Agency, the projects or programs to be undertaken, the modalities of utilization of funds of such projects and programs and the monitoring and reporting mechanism shall be specified by the Company.

The Company shall ensure that the Implementing Agencies are duly registered with the Central Government as per the requirements of the Rules.

The Implementing Agency should be credible and should have the ability to execute the CSR Program effectively. The disbursement by the Company to the Implementing Agency should be made only upon receipt of proposal along with budget and implementation schedule, and in tranches in order to ensure that the amount does not lie unspent with the Implementing Agency.

CSR Plan:

The annual action plan for VGM's CSR initiative shall be approved by the Board of Directors of the Company and the allocation of funds to the specific projects/ programs will be approved by the Board/ CSR Committee.

CSR Expenditure and Unspent amount:

The Company shall endeavor to spend, in every financial year, at least 2% of the average net profits made during the three immediately preceding financial years, in pursuance of its CSR Policy.

Any expenditure incurred on the CSR Programs or activities undertaken only in India shall qualify as CSR expenditure.

The CSR expenditure can be either revenue expenditure or capital expenditure or both.

Where the Company spends an amount in excess of 2% of its average net profits, such excess amount may be set off against the requirement to spend 2% of its average net profits up to immediate succeeding 3 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.
- ii. the Board of the Company shall pass a resolution to that effect.

Further, any surplus arising out of the CSR activities 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 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.

The expenditure can be in cash including but not limited to cheque, NEFT, RTGS etc.; the mode of spending shall be as per the CSR Policy, on a project which is eligible for CSR. Expenditure in kind shall not be allowed.

If the Company fails to spend such prescribed CSR amount in any financial year, the Company shall specify the reasons for not spending such amount. For any unspent amount remaining against the prescribed CSR amount towards a project other than the Ongoing Project, the same shall be transferred to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year. Any amount remaining unspent pursuant to any Ongoing Project undertaken by the Company, shall be transferred by the Company within a period of thirty days from the end of the financial year to special account to be opened by the company in that behalf for that financial year in any scheduled bank to be called the “Unspent CSR Account”, and such amount shall be spent by the Company in pursuance of its obligation towards the CSR 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.

Capital asset

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; or

- b. beneficiaries of the said CSR Project, in the form of self-help groups, collectives, entities; or
- c. a public authority.

Administrative Overheads:

The expenses incurred by the Company in the general management and administration of its CSR activities can be claimed as CSR Expenditure, provided that the same does not exceed 5% of the total CSR Expenditure for the financial year to which it relates.

If the Company chooses to undertake CSR activities directly, it may resort to capacity building, which shall be the expenditure on training of the CSR staff engaged in the implementation of CSR Program. Expenditure incurred on such capacity building may be claimed as a part of the administrative overheads within the limits not exceeding 5% as stated above.

The Company may engage International Organizations for designing, monitoring and evaluation of the CSR Programs as decided by Board/CSR Committee as well as for capacity building of their own personnel for CSR.

Monitoring, Review and Impact Assessment:

Currently, the Board shall periodically monitor and evaluate the performance of the projects and the achievement of targets. The Company's monitoring and review mechanism includes obtaining monitoring and utilisation report from all Implementing Agencies for the expenditure made by the Company through them.

The Board of Directors 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.

In case of an Ongoing Project, the Board of Directors of the Company shall monitor the implementation of the same 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.

The Implementing Agency shall keep the Company informed about any information or circumstances that will affect the ability of the agency to carry out the CSR Program. Where the CSR amount spent results or resulted in creation or acquisition of capital asset, the Company shall confirm to the Board / CSR Committee about the entity holding the capital asset in accordance with the Rules.

The representatives of the Company and/or Implementing Agency shall carry out site visits/ field visits on a periodic basis to ensure that CSR activities are undertaken transparently. The Company shall carry out impact assessment, directly by engaging an independent agency, in accordance with the Act and Rules.

The Board/ CSR Committees shall review the progress reports received from the Company and Implementing Agencies. The Board/ CSR Committee shall satisfy on the utilization of the funds disbursed for the purpose and in the manner approved by it.

Impact Assessment:

The Company shall carry out impact assessment on fulfillment of the following conditions:

- a. The average CSR obligation of the Company, in pursuance of sub-section (5) of section 135 of the Act, in the three immediately preceding financial years is ten crore rupees or more;
- b. The Company had an outlay of one crore rupees or more for any of the Projects undertaken by it; and
- c. The Project(s) mentioned in clause (b) above have been completed not less than one year before undertaking the impact study.

The Company shall undertake impact assessment, through an independent agency, of its CSR projects as mentioned in sub- clause (b) and (c) above. The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.

The outcome of the impact assessment undertaken, and the progress reports submitted, will be taken into consideration while engaging the Implementation Agencies for subsequent CSR Programs and while finalizing the annual action plan for the subsequent year.

The Company undertaking impact assessment may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed 2% of the total CSR expenditure for that financial year or Rs. 50 lakh, whichever is higher.

CSR Reporting:

The CSR Committee/ Board, will annually publish report on the CSR projects as a part of the Board's report

Amendments to the Policy

The Board of Directors on its own and/or on the recommendation of CSR Committee can amend this policy as and when required.

Any amendments in the applicable laws, including any clarifications/ circulars of relevant regulator, if mandatory, shall be read with this Policy such that the Policy shall automatically reflect the contemporaneous applicable law at the time of its implementation.

Uploading of the Policy on Company's website

This CSR Policy and any amendments thereto shall be available on the website, if any of the Company.

Annexure – I

- 1) Eradicating hunger, poverty and malnutrition, promoting healthcare 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:
- 2) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
- 3) 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;
- 4) 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 set-up by the Central Government for rejuvenation of river Ganga;
- 5) 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:
- 6) 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;
- 7) Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;
- 8) Contribution to the Prime Minister's national relief fund or Prime Minister's Citizen 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 scheduled tribes, other backward classes, minorities and women;
- 9) 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).

10) Rural development projects;

11) Slum area development.

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.

12) Disaster management, including relief, rehabilitation and reconstruction activities.