

# DHOLERA

INDUSTRIAL CITY DEVELOPMENT LIMITED

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## Corporate Social Responsibility Policy

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## INDEX

<b>Sr. No.</b>	<b>Particulars</b>	<b>Page No.</b>
1.	Preamble	2
2.	Definitions	2
3.	Objective and CSR Vision	3
4.	Scope of CSR Activities	3
5.	CSR Committee	5
6.	Responsibility of Board of Directors	6
7.	CSR Expenditure & Surplus	7
8.	CSR Budget	9
9.	CSR Planning	9
10.	Implementation of CSR Projects	10
11.	Monitoring & Reporting of CSR Activities	11
12.	Termination	13
13.	Format for the Annual Report on CSR Activities to be included in Board Report	13
14.	Policy Amendments	14
15.	Conclusion	14

## **1. PREAMBLE:**

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Corporate Social Responsibility is the responsibility of the corporates towards the society at large for giving in return something back to the society. India being a developing country, is the combination of different type of people with varied standards of living. On one hand, it is one of the fastest growing economy in the world and on the other hand it has largest number of slums. Corporate social Responsibility is a first step towards minimizing such contradiction and instability among people. Corporate Social Responsibility policy is a policy and a way to pay back to the society which corporate organizations have used for the development of themselves along with the society.

Dholera Industrial City Development Limited (hereinafter referred to as the "Company" or "DICDL".) strongly believes in sustainable development. DICDL is committed to conduct its business in a socially responsible, ethical and environmental friendly manner and to continuously work towards improving quality of life of the society in its operational area and from preliminary stage. DICDL through its CSR initiative will continue to strive to enhance value creation in the society.

In pursuance of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 ("Rules"), including amendments or modifications thereto, the Corporate Social Responsibility ("CSR") policy of the Company is framed/modified to identify the CSR Activities/Programs/Projects to be undertaken, identifying the modalities for CSR Expenditure and Implementation based upon CSR Committee Recommendations, CSR Reporting Mechanism and developing an 'Annual Action Plan' for undertaking the CSR expenditure..

## **2. DEFINITIONS:**

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(1) "**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;

(2) "**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 projects or programs or activities (either new or ongoing), but shall not include the Activities undertaken in pursuance of its normal course of business as notified by MCA till the date of Policy and any amendments thereto from time to time;

(3) "**CSR Committee**" means the Corporate Social Responsibility Committee of the Board referred to in Section 135 of the Act;

(4) **"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;

(5) **"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;

(6) **"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. Objective and CSR Vision.**

CSR in India earlier has been seen as philanthropic activity. CSR encompasses the idea of corporate governance, sustainable wealth creation and advocacy for goals of community. The new provisions of Companies Act, 2013 has put the formal responsibility on companies to set out clear framework and process to ensure strict compliances of Corporate Social Responsibility.

The main objective of the Policy is to establish the basic principles and the general framework of action for the management to be undertaken towards fulfilment of its Corporate Social Responsibility.

### **4. Scope of CSR Activities:**

The Policy recognizes that corporate social responsibility is not merely compliance; it is a commitment to support initiatives that measurably improve the lives of underprivileged by one or more of the following

focus areas as notified under Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014 and as define in Schedule VII and amendments thereto from time to time.

The following activities may be included in CSR activities relating to: -

i. Eradicating hunger, poverty & malnutrition, promoting preventive health care & sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation & making available safe drinking water;

ii. Promoting education, including special education & employment enhancing vocation skills especially among children, women, elderly & the differently unable & livelihood enhancement projects;

iii. Promoting gender equality, empowering women, setting up homes & hostels for women & orphans, setting up old age homes, day care centres & such other facilities for senior citizens & measures for reducing inequalities faced by socially & economically backward groups;

iv. Ensuring environmental sustainability, ecological balance, protection of flora & fauna, animal welfare, agro forestry, conservation of natural resources & maintaining quality of soil, air & water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;

v. Protection of national heritage, art & culture including restoration of buildings & sites of historical importance & works of art; setting up public libraries; promotion & development of traditional arts & handicrafts;

vi. Measures for the benefit of armed forces veterans, war widows & 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 recognized sports, sports & Olympic sports;

viii. 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 & relief & welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities & 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.
- xii. Disaster management, including relief, rehabilitation and reconstruction activities.

**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. The clarifications issued by Ministry of Corporate Affairs (MCA) from time to time for CSR activities would be considered under the scope of CSR activities.

## 5. CSR COMMITTEE:

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### COMPOSITION:

As per Section 135 of Companies Act, 2013 and rules made thereunder, the Board of Directors of the Company shall form the Corporate Social Responsibility Committee (CSR Committee) consisting of three or more Directors out of which at least one shall be Independent Director, to carry out the functions as mentioned in the Section 135 of the Companies Act, 2013 and rules made thereunder.

The Committee has been constituted as per Requirement under section 135 of Companies Act, 2013 and rules made thereunder and the Amendments thereof.

### Functions of the Committee:

- (i) To formulate and recommend to the Board, Corporate Social Responsibility Policy indicating activities to be undertaken as specified in the prescribed schedule VII.

- (ii) To recommend the amount of expenditure to be incurred on the activities referred to in the point above;
- (iii) Spend the allocated CSR amount on the CSR activities/projects once it is approved by the Board of Director of the Company in accordance with the Act and the CSR Rules;
- (iv) Create transparent monitoring mechanism for implementation of CSR Initiatives;
- (v) Submit the Reports to the Board in respect of the CSR activities undertaken by the Company;
- (vi) To recommend to the Board, modifications of CSR Policy as and when required.

### **Meeting:**

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

## **6. RESPONSIBILITY OF BOARD OF DIRECTORS:**

- (i) Approving the CSR Policy as formulated by the CSR Committee, subject to necessary changes/modifications as the Board may deem fit.
- (ii) Ensuring that in each financial year the Company spends at least 2% of the average netprofit\* of the Company made during the three immediately preceding financial years in accordance with the provisions of section 135 of the Companies Act, 2013 and the Rules made thereunder.

**\*Average net profit** shall be calculated in accordance with provisions of section 198 of the Companies Act, 2013 and rules made thereunder.

- (iii) Ensuring that every financial year funds committed by the Company CSR activities are utilized effectively.
- (iv) The Board of a 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.
- (v) Disclosing in its Annual Return the names of CSR Committee member.
- (vi) To disclose the content of CSR Policy and ensure annual reporting of its CSR activities on the Company website.

(vii) In case the Company fails to spend the above targeted amount in that particular financial year, the Committee shall submit a report in writing to the Board of Directors specifying the reasons for not spending the amount which in turn shall be reported by the Board of Directors in their Board Report for that particular Financial year and unless the unspent amount relates to any ongoing project referred to in sub-sec(6) of Section 135 of Companies Act,2013 transfer such unspent amount to a fund specified in Schedule. VII within a period of six months of expiry of the financial year.

(viii) As per Sub-sec(6) of Section 135 of Companies Act,2013 ,Any amount remaining unspent under sub-section (5), pursuant to any ongoing project, fulfilling such conditions as may be prescribed, undertaken by a 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.

## **7. CSR EXPENDITURE & SURPLUS:**

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i. The Board of DICDL shall ensure that the company spends, in every financial year, at least 2% of the Average Net Profits of the company made during the three immediately preceding financial years or where the company has not completed the period of three financial years since its incorporation, during such immediately preceding financial years, in pursuance of its CSR Policy;

ii. Administrative overheads shall not exceed 5% of total CSR expenditure of the Company for any particular financial year;

iii. 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;

iv. In case of failure to spend CSR amount, the Board shall report the same in its report under Section 134 of the Companies Act, 2013, specifying the reasons for not spending the amount and unless the unspent



amount relates to any ongoing project shall transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year;

v. Where a company spends an amount in excess of requirement, such excess amount may be set off against the prescribed CSR expenditure to be expended up to immediate succeeding three financial years subject to the conditions that vopened 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.

(i) Excess amount available for set off shall not include the surplus arising out of the CSR activities, if any; and

(ii) Board resolution shall have to be passed for setting off excess CSR Expenditure undertaken with the requirement in subsequent financial year

vi. The CSR amount may be spent by a 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)

b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or

c) a public authority:

**Transfer of Unspent CSR Amount** - Any CSR amount remaining unspent pursuant to any Ongoing Project, 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 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.

## 8. CSR BUDGET:

- (i) Each year budget for CSR activities shall be as decided by the Board on the recommendation of CSR Committee.
- (ii) The actual budget shall be such that the Company spends at least 2 % of the average net profit of the Company made during the three immediately preceding financial years.
- (iii) The total budget amount for the year shall be distributed on projects as a percentile or fixed amount as may be decided by the Board.

## 9. CSR PLANNING:

As per sub-rule (2) under Rule (5) of Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, the CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy.

The CSR Committee shall formulate an Annual CSR Plan in line with Schedule VII of the Companies Act, 2013 and the Company shall undertake CSR activities included in its Annual CSR Plan, as recommended by the CSR Committee at the beginning of each year. The Committee is authorized to approve any modification to the existing Annual CSR Plan or to propose any new program during the financial year. 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;
- (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.

- (f) Tailor-made CSR activities/projects depending upon allocated spend and geographical presence.
- (g) Targeted Beneficiaries & their key needs.
- (h) Alignment with Schedule VII.
- (i) CSR Budget with projections
- (j) Any other information as may be required by the CSR Committee.

## 10. IMPLEMENTATION OF CSR PROJECT:

- 1) The Board shall ensure 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.
- 2)
  - (a) Every entity, covered under sub-rule (1), who intends to undertake any CSR activity, shall register i itself with the Central Government by filing the form CSR-1 electronically with the Registrar, with effect from the 01st day of April 2021: Provided that the provisions of this sub-rule shall not affect the CSR projects or programmes approved prior to the 01st day of April 2021.
  - (b) Form CSR-1 shall be signed and submitted electronically by the entity and shall be verified digitally by a Chartered Accountant in practice or a Company Secretary in practice or a Cost Accountant in practice.
  - (c) On the submission of the Form CSR-1 on the portal, a unique CSR Registration Number shall be generated by the system automatically.
- 3) A 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.
- 4) A 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) The Board of a 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) The Board of a 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.

6) In case of ongoing project, the Board of a 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.”

## **11. MONITORING & REPORTING OF CSR ACTIVITIES :**

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a. To ensure effective implementation of the CSR programmes undertaken at each work centre, a monitoring mechanism will be put in place by the work centre head.

b. The progress of CSR programme under implementation at work centre will be reported to corporate office on a monthly basis.

c. The report on progress on the CSR programme undertaken by the Company will be put forward to the CSR Committee with full details of cost incurred and result achieved on a regular basis.

d. Work centres will try to obtain feedback from beneficiaries about the programs implemented at the area.

e. Appropriate documentation of the Company's CSR activities, executing partners, and expenditure entailed will be undertaken on a regular basis.

f. CSR initiatives of the Company will be reported in the Annual Report of the Company & the Board's Report in compliance with Section 135 and rules made thereunder.

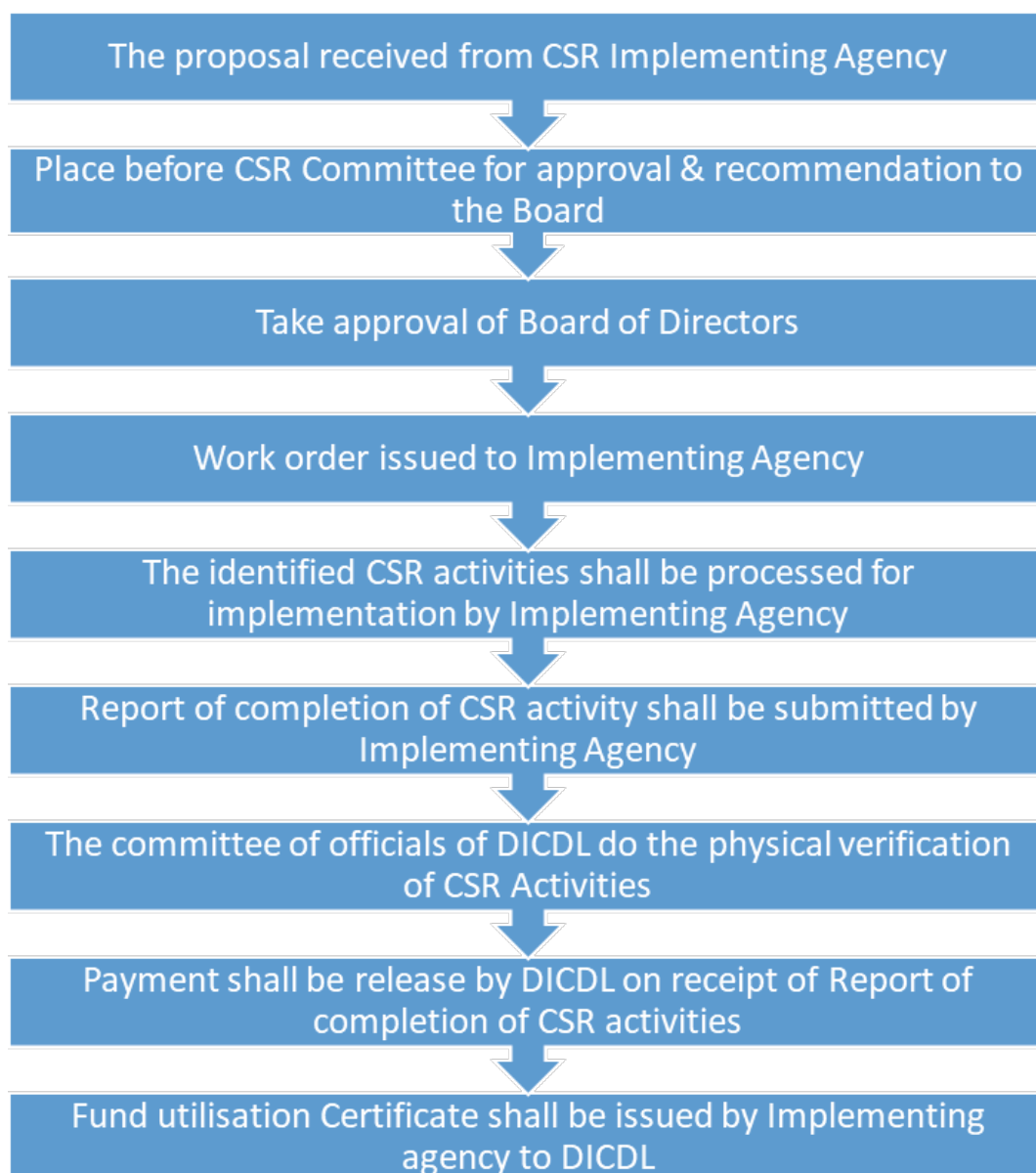
g. The Board's Report of a company covered under these rules pertaining to any financial year shall include an annual report on CSR containing particulars specified in Annexure I or Annexure II, as applicable.

h. As per Sub-rule 3(a) Under Rule (8) of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, Every company having average CSR obligation of ten crore rupees or more in pursuance of subsection (5) of section 135 of the Act, in the three immediately preceding financial years, shall undertake impact assessment, through an independent agency, of their CSR projects having outlays of one crore rupees or more, and which have been completed not less than one year before

undertaking the impact study. So authority for preparation of Impact Assessment Report has to be given by committee.

i. If applicable, Company undertaking impact assessment may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed five percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is less.

j. Composition of CSR Committee, CSR Policy and Projects approved by the Board to be displayed on Company Website, if any.



## **12. TERMINATION:**

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DICDCL shall be entitled to terminate this Agreement at any time during the Term without cause by giving 30 (thirty) days written notice to the Implementing Agency. However, if the Implementing Agency terminates the Agreement, it would still be bound to complete its obligations for all the CSR Activities undertaken by it and will complete all the identified or ongoing project activities and finalise and spend the funds allocated to it by DICDCL.

If the implementing agency sub-contract the CSR activities Project to other agency, the sub-contracting agency shall submit the work completion Report to the DICDCL. Further, DICDCL may terminate subcontracting agency agreement after giving the due notice of 30 days to the Implementing Agency and on finding the non-compliance of the notice for improvement given by Implementing Agency. However, such reasons for termination may be related in terms of the followings: -

- a) In the event of unsatisfactory performance of the project by sub-contracting agency, DICDCL may, at its sole discretion and at any time, terminate the agreement and inform the sub-contracting agency and Implementing Agency of its decision in writing which shall be final and binding on both the parties. The Agreement shall stand terminated on the date as mentioned in the written communication.
- b) In the event of unsatisfactory performance of the project by the sub-contracting agency for any reason such as incomplete work done/ no progress in the work found/ work not being implemented as specified (Implementation Plan and scope of work of each project) etc. or non-performance of any obligation.
- c) In the event, when the sub-contracting agency is found involved in any manner or form in corrupt practices or misappropriating the funds/ Assets, which belongs to, or has been marked for the Project activities and DICDCL has sufficient grounds to believe so.

## **13. FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN BOARD REPORT:**

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Board's Report to include an Annual report on CSR Activities in the prescribed format as per the applicable provisions of the Companies Act, 2013. The format for the Annual Report on CSR Activities is attached at Annexure-I.

## 14. POLICY AMENDMENTS:

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This policy shall stand modified by the provisions of the Companies Act, 2013/ Companies (Corporate Social Responsibility Policy) Rules, 2014 and as amended from time to time. This policy would serve as the referral document for planning and selection of CSR activities, though, whenever in doubt, cross reference to Companies Act & Companies (Corporate Social Responsibility Policy) Rules, 2014 shall be followed to avoid any inconsistency with the latter. The power to amend the CSR Policy will rest with CSR Committee and the Board of Directors of the Company.

## 15. CONCLUSION:

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In case of any doubt with regard to any provision of the policy and also in respect of matters not covered herein, a reference to be made to CSR Committee. In all such matters, the interpretation & decision of the Committee shall be final.

Any or all provisions of the CSR Policy would be subject as may be issued from Government, from time to time.

The CSR Committee reserves the right to modify, add or amend any of provisions of this policy subject to approval of the Board.

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THANK YOU