



AVAADA VENTURES PRIVATE LIMITED
(Formerly known as Avaada Power Private Limited)

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

VISION

Our vision is to change the social fabric of India by empowering every Indian. We will do it by lighting up India with clean, sustainable energy; and by transforming the life of every Indian through Education, Empowerment, Environment and Health.

Avaada Ventures Private Limited (Formerly known as 'Avaada Power Private Limited') ('AVAADA') ('the Company') views Corporate Social Responsibility ('CSR') as continuing commitment to behave ethically and contribute to economic development while improving the quality of life of the local community and society at large. With the opening up of the market economy, globe becoming easily accessible and international compliance standards being proposed and practiced, CSR has become an integral part of business and not merely a compliance requirement. For surviving, growing and sustaining in global business, the corporate sector needs to involve various stakeholders and adopt the triple bottom line approach which includes social, environmental and economic aspects.

In alignment with the stated vision, AVAADA through its CSR initiatives will strive to enhance value creation in the society and within the communities in which it operates. This will be achieved through its services, conduct and initiatives, with a view to foster sustained growth for the society and community, in fulfillment of its role as a Socially Responsible Corporate.

AVAADA has adopted its CSR Policy that complies with the objectives and requirements set both in section 135 of the Companies Act, 2013 (hereinafter referred to as 'the Act') and the Rules notified thereunder.

AVAADA seeks to be a good corporate citizen in everything that it does. We are therefore determined to bring together our existing operating principles into one framework strategy document under the heading of Corporate Social Responsibility (CSR). The principles encompassed in this policy cover all areas of our operations and have been developed and continue to be reviewed against and updated by reference to relevant codes of corporate governance and international standards.

DEFINITIONS

- "Act" means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time;
- "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

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the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme;

- "Board" means Board of Directors of the Company;
- "Committee" means Corporate Social Responsibility Committee ("CSR Committee") of the Company as constituted or reconstituted by the Board;
- "CSR Annual Action Plan" shall mean the annual action plan detailing the proposed CSR expenditure for the year;
- "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;
- "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 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.

SCOPE

AVAADA will focus on the following areas for CSR projects from amongst the activities specified under Schedule VII of the Companies Act, 2013 and the Rules made thereunder including but not limited to Education, Empowerment, Environment and Health:

- i. Promoting gender equality & empowering women
- ii. Employment enhancing vocational skills and livelihood enhancement programs
- iii. Rural Infrastructure Development Projects

CSR committee may recommend to the Board of Directors additional CSR initiatives, based on specific merit, provided that these projects fall under the scope of schedule VII of the Companies Act, 2013, as may be amended from time to time.



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CSR ACTIVITIES

The CSR activities we pursue will be in line as per the scope stated above, focused not just around our plants and offices, but also in other geographies based on the needs of the communities.

The focus areas where development programmes would be run are:

- Education
- Empowerment
- Environment & Health
- Such other activities as the Board/Committee may consider to be appropriate.

The above CSR activities do not include i) the activities undertaken in pursuance of normal course of business of the Company; 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; and (vi) activities carried out for fulfilment of any other statutory obligations under any law in force in India.

At the same time, we recognize need to work in partnership with other players also. This would include:

1. Collaborating with various organisation, which are registered as a Trust or a section 8 company under the Companies Act, 2013 including Avaada Foundation or Society or NGOs or any other form of entity incorporated in India that specialise in the aforesaid activities.
2. Contribution to various funds which are aligned with our Vision and Mission e.g.
 - Prime Minister's National Relief Fund
 - Any other fund set up by the Central Government for :
 - socio-economic development and relief.
 - for the welfare of Scheduled Castes, the Scheduled Tribes, other Backward classes, minorities and women.
3. Collaborating or pooling resources with other companies to undertake aforesaid CSR activities.

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CSR ANNUAL ACTION PLAN

- The Committee shall prepare a CSR Annual Action Plan which shall include:
 - a. Identified CSR Projects
 - b. Manner of execution of such projects or programmes
 - c. Modalities of utilization of funds
 - d. Implementation Schedules
 - e. Monitoring and reporting mechanism for the projects or programmes
 - f. Need and impact assessment, if any for the projects undertaken by the Company
- The annual action plan including alteration thereto shall be approved by the Board upon recommendation by the Committee
- The Committee shall ensure that major portion of the CSR expenditure in the Annual Action Plan shall be for the Projects as per CSR objectives. However, there shall not be any preference given to any particular projects for budgetary allocation and it shall be made purely as per the identified CSR Projects on need basis.

COMPANY CONTRIBUTION

The corpus for the purpose of carrying on the aforesaid activities would include the following:

- 2% of the average Net Profit made by the Company during immediately preceding three Financial Years;
- any income arising there from; and
- surplus arising out of CSR activities carried out by the Company and such surplus will not be part of business profit of the Company.

IMPLEMENTATION PROCESS

As part of its devising and planning for CSR activities and programs, prior to the commencement of projects, we carry out impact assessment studies or need based assessment studies within the proposed project footprint area in order to understand the basic needs, problems and requirements where interventions/intervention activities can be implemented in. The study encompasses various parameters such as – health indicators, access to infrastructure, vulnerability, literacy levels, workforce participation, employment opportunities, sustainable livelihood options, and demographic profile including population data – below the poverty line and above the poverty line, state of infrastructure. From the data generated, project specific CSR plans are developed for implementation. CSR programs and activities can also be reactive in nature where the need and requirement for the same may arise even outside the purview of the impact



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assessment or the need based assessment or may be entirely disassociated from any project implementation. Proper budgeting and scheduling is carried out for the programs. Furthermore, it has to be noted that:

- All projects/programs are identified in a participatory manner, in consultation with the community. AVAADA will seek to identify suitable projects/programs for implementation in line with the CSR policy of the Company.
- The duration over which a particular program will be spread, will depend on its nature, extent of coverage and the intended impact of the program.
- By and large, it may be endeavored to execute most of the CSR programs/activities forming part of our scope in and around the areas adjoining our projects.
- The medium of implementation of CSR programs would be directly by the CSR department or Company's own foundation or collaboration/ tie-ups with Trust/Society/ Section 8 Company including Avaada Foundation/ NGOs as per the decision taken by the CSR committee.
- The Company may engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as well as for capacity building of their own personnel for CSR.

MONITORING & REPORTING

The CSR department will be responsible for regular monitoring & reporting of the CSR programs and provide regular progress report to the CSR Committee of the Board including an annual report on CSR activities in the prescribed format.

The periodic report would indicate:

1. Achievement of the year-to-date in terms of coverage compared to the target, reason for variance, plans to overcome shortfalls if any and support required from the CSR Committee/Board to overcome the shortfalls.
2. Actual year-to-date spends compared to the budget and reasons for variance.
3. In respect of activities undertaken through outside Trust/Society/NGO's/Government recognized funds, etc. there will be mechanism of reporting of progress on each such activities and the amount incurred thereon at the subsequent CSR Committee Meeting.

The Board shall seek a progress report from the CSR Committee atleast twice in a year.

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

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-



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wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.

Further, the composition of the CSR Committee, CSR Policy and Projects approved by the Board shall be displayed on the website of the Company for public access.

CSR EXPENDITURE AND UNSPENT CSR AMOUNT

- In the event, the Company spends on CSR activities an amount in excess of requirement prescribed under the Act, such excess may be set off against the requirement to spend up to immediate succeeding 3 financial years subject to the conditions that; a) the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any and b) the Board of the Company shall pass a resolution to that effect.
- Any surplus arising out of 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 6 months of the expiry of the financial year.
- The CSR amount may be spent for creation or acquisition of a capital asset, which shall be held by –
 - (a) a company established under section 8 of the Act including Avaada Foundation 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 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.
- The Board shall ensure that the administrative overheads shall not exceed 5% of total CSR expenditure of the company for the financial year.
- The unspent CSR amount, if any unless relates to any ongoing project shall be transferred by the Company to any fund included in Schedule VII of the Act until a



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fund is specified in Schedule VII of the Act within a period of six months of the expiry of the financial year and thereafter to prescribed fund(s).

- Further, any amount remaining unspent pursuant to any ongoing project, fulfilling such conditions as may be prescribed, undertaken by the Company in furtherance to CSR 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 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.

IMPACT ASSESSMENT

Impact assessment studies by independent agency shall be undertaken in the event the average CSR obligation of the Company is ten crore rupees or more, in the three immediately preceding financial years, of the 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. The impact will be assessed and compared against the planned benchmarks fixed at the time of planning to gauge the degree of success or failure of the CSR / Sustainability initiative.

The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR. Further, the impact assessment expenditure for a financial year shall not exceed five percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is less.

Effective from April 1, 2021