



ASIAN HOTELS (NORTH) LIMITED

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

PHILOSOPHY

Every business enterprise draws upon the societal resources, and therefore, it is imperative it ensures socio-economic development of the community through different participatory and need based initiatives or supporting programmes, projects and activities which are in the best interest of the poor and deprived people and/or the causes affecting the society at large.

GOVERNING LAW

Section 135(1) of the Companies Act, 2013 (the said Act), read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 (the said Rules), requires every company having:

- net worth of Rs. 500 crore or more, or
- turnover of Rs. 1000 crore or more, or
- net profit of Rs. 5 crore or more calculated in accordance with Section 135(9) of the Act

during the immediately preceding financial year, to constitute a CSR Committee of the Board of Directors.

Further, Section 135(5) of the said Act mandates that the Board of every company which falls within the purview of Section 135(1) thereof, shall ensure that every financial year the Company spends at least 2% of the average net profit made during the three immediately preceding financial years in pursuance of its CSR Policy.

In addition to above, as per section 135(9), where the amount to be spent by a company under sub-section (5) does not exceed fifty lakh rupees, the requirement under sub-section (1) for constitution of the Corporate Social Responsibility Committee shall not be applicable and the functions of such Committee provided under this section shall, in such cases, be discharged by the Board of Directors of such company

Schedule VII to the said Act provides a comprehensive list of activities. The company may adopt one or more of such activities, which may be forming part of Schedule VII, at the relevant time, for its CSR policy.

Rule 4 of the said Rules enables the Board of the Company to decide and undertake its CSR activities, as approved by the CSR Committee, 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.

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

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 the said Rules.

COMPOSITION OF CSR COMMITTEE

The CSR Committee shall be comprised in accordance with the requirements of the Act and the Rules made thereunder. The Members of CSR Committee shall be appointed by the Board of Directors of the Company which must consist of at least three or more Directors out of which minimum one director shall be an Independent Director.

ROLES & RESPONSIBILITIES OF CSR COMMITTEE

The CSR Committee has various roles and responsibilities and some of them are:

- (i) To formulate, recommend and modify whenever necessary, the Corporate Social Responsibility Policy to the Board;
- (ii) To recommend CSR activities to be undertaken by the Company in areas as stated in Schedule VII;
- (iii) To recommend the amount of expenditure to be incurred on activities referred above;
- (iv) To monitor the CSR Policy of the Company from time to time;
- (v) To formulate and recommend to the Board, an annual action plan;
- (vi) Any other activities/ programs/ functions, as may be assigned by the Board;
- (vii) Submit the Reports to the Board in respect of the CSR activities undertaken by the Company.

ANNUAL CSR PLAN

In accordance with section 135(3) of the Act read with the said Rules, the Board has entrusted the CSR Committee with the task of formulating 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 the said 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.

The Board of Directors shall satisfy itself that the funds allocated or disbursed have been utilised for the purposes and in the manner as approved by it.

In the case of ongoing project, the Board of Director 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 the smooth implementation of the project within

overall permissible time period.

ONGOING PROJECTS

“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.

The CSR Committee may identify and recommend to the Board “Ongoing Project/s” and may designate some of the existing CSR projects as an Ongoing Project and such Ongoing Projects shall be selected, implemented, monitored and reported in accordance with the applicable CSR Provisions.

DESIGNATED CSR ACTIVITIES

Schedule VII to the said Act provides a comprehensive list of activities which may be undertaken as CSR activities. The Board of the Company has adopted all the activities listed in Schedule VII to the Act for its CSR Policy namely:

- (i) *eradicating hunger, poverty and malnutrition, promoting health care 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;*
- (ii) *promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;*
- (iii) *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;*
- (iv) *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;*
- (v) *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;*
- (vi) *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;*
- vii) *training to promote rural sports, nationally recognized sports, paralympic sports and 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 and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and 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.

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.

(xii) disaster management, including relief, rehabilitation and reconstruction activities.

The Company proposes to implement the above initiatives directly on its own and/or through recognised trusts, societies and entities, covered under Rule 4 of the said Rules, registered with the Central Government having proven track record so as to ensure compliance with the provisions of law as detailed above.

However, the Company shall endeavour to take up such activities based on the community needs in and around its local areas in line with its above stated philosophy.

DISQUALIFYING ACTIVITIES FOR CSR

- (a) The Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time, (“the CSR Rules”) disqualifies the CSR projects and programs that are implemented by the Company for benefit of the employees of the Company and their families as defined in clause (k) of section 2 of the Code on Wages, 2019;
- (b) 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;
- (c) Any amount directly or indirectly contributed towards any political party under Section 182 of the Act shall not be considered as CSR Spend.
- (d) Activities that are undertaken by the Company in pursuance of its normal course of business will not be considered as CSR activities.
- (e) Activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;
- (f) Activities carried out for fulfilment of any other statutory obligations under any law in force in India.

EXECUTION PLAN / GOVERNANCE

Following execution, monitoring and reporting mechanism shall be followed by the CSR Committee to ensure effective implementation of the CSR policy:

- Once the financial statements for a previous year are approved and audited, the CSR Committee shall ascertain the amount required to be spent during that current financial year and prepare an Annual Action Plan delineating the CSR programmes to be carried out, identify the agencies which should carry out those activities and allocate budget for each such activity. The Annual Action Plan should then be placed before the Board for its approval.

- After obtaining Board's approval, the CSR Committee shall assign the task of implementation of respective programmes to the designated persons/agencies and set-out the time-lines for implementation.
- Such persons/agencies/entities shall implement/execute the respective programmes within the designated budget and time-lines and report the status to the CSR Committee periodically.
- On its part, the CSR Committee may meet periodically to take stock of the orderly implementation of the CSR programmes and issue necessary directions/guidelines in accordance with the CSR Policy, and keep the Board informed from time to time.
- As early as possible, after the end of a financial year, the CSR Committee shall finalise its report for that year describing the programmes undertaken and amount spent on each programme against budgeted allocation. The Board shall ensure that the administrative overheads shall not exceed two percent of total CSR expenditure of the company for the financial year or fifty lakh rupees whichever is higher.
- The Board shall further ensure that 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.
- In case unspent amount relating to any ongoing project, the Company shall open a special account in any scheduled bank to be called "Unspent Corporate Social Responsibility Account" and transfer such unspent amount, within a period of 30 (Thirty) days, from the end of that financial year to above mentioned 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 3 (Three) financial years from the date of such transfer. If after completion of third year also the amount remains unspent, 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.
- Where the Company spends an amount in excess of requirement provided under sub-section (5) of section 135 of the Act, such excess amount may be set off against the requirement to spend under sub-section (5) of section 135 up to immediate succeeding three 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, in pursuance of sub-rule (2) of Rule 7 of the said Rules.
 - (ii) the Board of the Company shall pass a resolution to that effect.
- 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 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
- CSR Committee may meet as and when required to attend to business assigned to it. Quorum for such meetings shall be two members present in person including at least one Independent Director. All decisions shall be approved by simple majority. The Committee may even pass resolutions by circulation. Minutes of proceedings of the said Committee meetings shall be recorded and signed by the Chairman of the meeting and shall be circulated to the Board.

MISCELLANEOUS PROVISIONS

- This CSR Policy may be revised from time to time by the Board on its own or based on the recommendations of the CSR Committee and shall always be compliant with the extant provisions of laws.
- In case of difficult in ascertaining the intent of this policy or deciding any course of action or questions arising from interpretation of the contents hereof, the Committee and/or Board shall be guided by the relevant statutory provisions as may be applicable at the relevant time and the Committee and/or Board may decide accordingly. Any decision taken or course of action adopted shall not be construed as contravention of this policy.

AMENDMENTS

The provisions of the Act and the CSR Rules (as amended from time to time) and any Notification/ Circular/ clarifications issued by Authorities, shall automatically apply and be part of this CSR Policy.