

NATIONAL INFORMATICS CENTER SERVICES INC. (NICS)

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

**December, 2017
Amended on 29th March, 2023**

**A GOVERNMENT OF INDIA ENTERPRISE UNDER NATIONAL
INFORMATICS CENTRE (NIC), MINISTRY OF ELECTRONICS AND
INFORMATION TECHNOLOGY (MEITY)
NBCC BUILDING, TOWER – 15, 6TH FLOOR, HALL NO. 2 & 3,
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1. INTRODUCTION

This Corporate Social Responsibility Policy ("hereinafter called CSR Policy") has been framed by National Informatics Center Services Incorporated (the Company) in accordance with the Section 135, Schedule VII of the Companies Act, 2013 and CSR Rules issued by the Ministry of Corporate Affairs on February 27, 2014.

2. WHAT IS CSR?

The term "Corporate Social Responsibility (CSR)" can be referred as corporate initiative to assess and take responsibility for the company's effects on the environment and impact on social welfare. The term generally applies to companies efforts that go beyond what may be required by regulators.

As mentioned by United Nations Industrial Development Organization (UNIDO), CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives ("Triple-Bottom-Line- Approach"), while at the same time addressing the expectations of shareholders and stakeholders.

3. TO WHOM IT'S APPLICABLE?

The companies to whom the provisions of the CSR shall be applicable are contained in Sub Section 1 of Section 135 of the Companies Act, 2013. As per provisions of said Section, the companies having Net worth of INR 500 crore or more; or Turnover of INR 1000 crore or more; or Net Profit of INR 5 crore or more during the immediately preceding financial year shall be required to constitute a Corporate Social Responsibility Committee of the Board consisting of two or more directors "hereinafter called CSR Committee".

4. DEFINITIONS

In this Policy, unless the context otherwise requires:

- (a) "Act" means the Companies Act, 2013;
- (b) "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 accordance with the provisions contained in these rules, but shall not include the following, namely:-
 - i activities undertaken in pursuance of normal course of business of the company:

Provided that any company engaged in research and development activity of new vaccine, drugs and medical devices in their normal course of business may undertake research and development activity of new vaccine, drugs and medical devices related to COVID-19 for financial years 2020-21, 2021-22, 2022-23 subject to the conditions that –

- a) such research and development activities shall be carried out in collaboration with any of the institutes or organisations mentioned in item (ix) of Schedule VII to the Act;
 - b) details of such activity shall be disclosed separately in the Annual report on CSR included in the Board's Report;
 - 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;
 - vi activities carried out for fulfilment of any other statutory obligations under any law in force in India;
- (c) "CSR Committee" means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act.
- (d) "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.
- (e) "MeitY" means Ministry of Electronics and information Technology
- (f) "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;

(g) "NIC" means National Informatics Centre

(h) "NICSI" means National Informatics Centre Services Incorporated

Words and expressions used and not defined in these Policies but defined in the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014 shall have the same meanings respectively assigned to them in the Act.

5. Composition of CSR COMMITTEE AND Responsibilities

National Informatics Centre Services Inc. (NICSI) a Section 8 company under the Companies Act, 2013 (erstwhile section 25 company under the Companies Act, 1956) a Government of India Enterprise under NIC, MeitY is covered under the ambit of the CSR.

The CSR Committee shall be comprised in accordance with the requirements of the Companies Act, 2013 and the Rules made there under.

The responsibilities of the CSR Committee include:

- To formulate and recommend to the Board of Directors, the CSR policy which shall indicate the activities to be undertaken by NICSI as per Schedule VII of the Companies Act, 2013;
- To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the company;
- To monitor the CSR policy of the Company from time to time;
- Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

- Formulate annual action plan in pursuance of the CSR policy in accordance with the applicable law, and inclusive of the following items:
 - 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;
 - 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.

The quorum for the Committee meeting shall be one-third of its total strength (any fraction contained in that one third be rounded off as one) or two members, whichever is higher. The Company Secretary of NICSII shall act as Secretary to the Committee.

The Committee would put-up its report to the Board.

NICSII shall spend, 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. It has been clarified that the average net profits shall be calculated in accordance with the provisions of Section 198 of the Companies Act, 2013.

6. REPORTING FOR CSR

Rule 8 of the CSR Rules provides that the companies, upon which the CSR Rules are applicable on or after 1st April, 2014 shall be required to incorporate in its Board's report an annual report on CSR containing the following particulars:

- A brief outline of the company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs;
- The composition of the CSR Committee;
- Average net profit of the company for last three financial years;

- Prescribed CSR Expenditure (2% of the amount of the net profit for the last 3 financial years);
- Details of CSR Spent during the financial year;
- In case the company has failed to spend the 2% of the average net profit of the last three financial year, reasons thereof;

7. WHAT IF A COMPANY CEASES TO BE COVERED UNDER SECTION 135 ?

Rule 3(2) of the Corporate Social Responsibility Rules, 2014 provides that every company which ceases to be a company covered under section 135(1) of the Act for three consecutive financial years shall not be required to:

- a. constitute a CSR Committee; and
- b. comply with the provisions contained in sub-section (2) to (5) of the said section, till such time it meets the criteria specified in sub section (1) of Section 135.

Accordingly, if a company, for 3 consecutive years, ceases to be covered under the ambit of section 135(1), it shall not be required to fulfill the conditions relating to the constitution of CSR Committee and other related provisions.

8. THE OBJECTIVES OF THE POLICY

This Policy shall be read in line with Section 135 of the Companies Act 2013, Companies (Corporate Social Responsibility Policy) Rules, 2014 and such other rules, regulations, circulars, and notifications (collectively referred hereinafter as 'Regulations') as may be applicable and as amended from time to time and will, inter-alia, provide for the following:

- Establishing a guideline for compliance with the provisions of Regulations to dedicate a percentage of Company's profits for CSR.
- Ensuring the implementation of CSR initiatives in letter and spirit through appropriate procedures.

9. CSR SCOPE & 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, preferably with the use of new emerging IT based solutions, as notified under Section 135 of the Companies Act 2013 and Companies (Corporate Social

Responsibility Policy) Rules 2014:

- i. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh 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 & the differently abled and livelihood enhancement projects;
- iii. Promoting gender equality, empowering women, setting up homes & hostels for women & orphans, setting up old age homes, day care centers and such other facilities for senior citizens & 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 & 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 & handicrafts;
- vi. measures for the benefit of armed forces veterans, war widows and their dependents;
- vii. training to promote rural sports, nationally recognised 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, tribes, other backward classes, minorities & women;
- ix. Contribution to incubators funded by Central Government or State Government or any agency or Public Sector Undertaking of Central Government or State Government, and contributions to public funded Universities, Indian Institute of Technology (IITs), National Laboratories and Autonomous Bodies (established under the auspices of Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR), Council of Scientific and Industrial Research (CSIR), Department of Atomic Energy (DAE), Defence Research and Development Organisation

(DRDO), Department of Biotechnology (DBT), Department of Science and Technology (DST), Ministry of Electronics and Information Technology 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 ;

The above list is illustrative not exhaustive. All activities under the CSR activities should be environment friendly and socially acceptable to the local people and Society.

10. THE GEOGRAPHIC REACH

The Act provides 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. The Company will thus give preference to conducting CSR activities in the state of Delhi/NCR herein the Company has/will have its operations. However, the Committee may identify such areas other than stated above, as it may deem fit, and recommend it to the Board for undertaking CSR activities.

11. ANNUAL SPENDS/ALLOCATION OF FUNDS

- 1) The Company would spend not less than 2% of the average Net Profits / surplus of the Company made during the three immediately preceding financial years. The surplus arising out of the CSR activity will not be part of business profits of the Company. The Corpus would thus include the 2% of average net profits/surplus, as aforesaid, any income arising there from and surplus arising out of CSR activities.
- 2) The Company may implement CSR activities by agency (ies) or Institution(s) with established track records of at least three financial years. Such activities may be assigned to one or more agencies in any year, may be with a cap of twenty five percent of total CSR expenditure for each agency, as deemed fit by the Board.
- 3) However if the Company ceases to be covered under sub-section (1) of Section 135 of the Act for three financial years, then it shall not be required to, comply with the provisions laid down under sub-section

(2) to (5) of the said section, till such time it meets the criteria specified in sub-section (1) of the Act.

12. ADMINISTRATION OF CSR PROJECTS

The NICSI can meet its CSR obligations by funneling its activities on its own or through Central or State Government Ministries/Departments or Government Organizations. The Board's approval will be required to sanction the amount for any CSR Project. The investment in CSR should be project based and for every project time framed periodic mile stones should be finalized at the outset.

13. FUNDING

I. As per the regulations the company will set aside, for annual CSR activities, an amount equal to 2% of the average net profits of the Company made during the three immediately preceding financial years. Any amount remaining unspent, 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.

II. The tax treatment of CSR spent will be in accordance with the Income Tax Act, 1961 as may be notified by the central board of Direct taxes.

14. BUDGET

I. The Company Board of Directors shall ensure that in each financial year the Company spends at least 2% of the average Net Profit made during the three immediate preceding financial years.

"Net profit" means the net profit as per the financial statement of the company prepared in accordance with the applicable provisions of the Act, but shall not include the following:

(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;

II. As per section 135 of the Companies Act, the Company will report reasons for under spending of the allocated CSR budget of the current financial year in the Boards' Report.

III. In case of any surplus arising out of CSR projects the same shall not form part of business profits of the Company, but may be taken into account for spending on CSR.

IV. The Company may collaborate or pool resources with other companies to undertake CSR activities, through any registered trust or a registered society or a company established by the company or its holding or subsidiary or associate company under section 8 of the Act or otherwise, if required.

15. CSR Annual Action Plan (AAP)

The CSR Committee shall formulate and recommend to the Board of Directors, a AAP in pursuance of this Policy, which shall include focus areas for the year, the list of projects to be undertaken, manner of execution, fund utilization, monitoring mechanism, etc. The Board of Directors may approve the CAAP with such further conditions as it deems fit and further alter AAP at any time during the financial year, as per the recommendation of the CSR Committee, based on the reasonable justification to that effect.

16. AMENDMENTS TO THE POLICY

The Board of Directors on its own and/or on the recommendation of CSR committee can amend its policy as and when required deemed fit. Any or all provisions of CSR Policy would be subjected to revision/amendment in accordance with the regulations on the subject as may be issued from relevant statutory authorities, from time to time.

Note: The board may alter these policies at any time, as per the recommendations of the CSR Committee, based on reasonable justification.
