

WEST BENGAL HANDICRAFTS DEVELOPMENT CORPORATION
LIMITED (MANJUSHA)

Corporate Social Responsibility (CSR) Policy

1. Preamble

We, West Bengal Handicrafts Development Corporation Limited (MANJUSHA) as a conscientious corporate citizen, recognize the corporate social responsibility to address some of India's most challenging issues relating to education, health, equality and development of the weaker section of the society. MANJUSHA by adopting the Code of Social responsibility is sharing and contributing to some extent in welfare and development of the society, in which it operates. MANJUSHA remains committed to act responsibly and ethically to maintain the trust of its customers, its employees and other stakeholders.

2. Purpose

The purpose of the Policy is to provide a framework to comply with the provisions with respect to the CSR activities in letter and spirit.

3. Interpretation:

For the purpose of this Policy references to the following shall be construed as:

- (i) 'Act' means the Companies Act, 2013 unless otherwise specified;
- (ii) 'Administrative Overheads' shall mean the expenses incurred by the Company for 'general management and administration' of CSR functions in the Company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular CSR project or programme;
- (iii) "Annual Action Plan" means a plan framed in terms of this Policy;
- (iv) "Board of Directors" or "Board" means the Board of Directors of the Company;
- (v) "Corporate Social Responsibility" ("CSR") shall mean the activities undertaken by the Company in pursuance of its statutory obligation laid down in Section 135 of the Act and in accordance with the provisions contained in the Rules made thereunder, but shall not include the following, namely:
 - a. activities undertaken in pursuance of normal course of business of the Company;
 - 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. contribution of any amount directly or indirectly to any political party under Section 182 of the Act;
 - d. activities benefitting employees of the Company as defined in Clause (k) of Section 2 of the Code on Wages, 2019;
 - 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.

- (vi) “Corporate Social Responsibility Committee” or “CSR Committee” shall mean a Committee consisting of three or more Directors having the terms of reference as mentioned hereunder;
- a. Recommend to the Board, a CSR Policy (and modifications thereto from time to time) which shall provide an approach and the guiding principles for selection, implementation and monitoring of CSR activities to be undertaken by the Company;
 - b. Approve and recommend annual action plan, and any modifications thereof, to the Board comprising of following information;
 - the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
 - the manner of execution of such projects or programmes;
 - the modalities of utilisation of funds and implementation schedules for the projects or programmes;
 - monitoring and reporting mechanism for the projects or programmes; and
 - 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 Areas of Interest outlined in this Policy, either for undertaking such projects by the Company itself, for inclusion in the annual action plan or for supporting such projects by way of donations, contributions or financial assistance.
 - d. Recommend to the Board, the amount of expenditure to be incurred on the CSR activities in a financial year and the amount to be transferred in case of ongoing projects and unspent amounts.
 - e. Review the progress of CSR initiatives undertaken by the Company.
 - f. Monitor the CSR Policy of the Company from time to time and institute a transparent monitoring mechanism for implementation of the CSR projects referred to above.
 - g. Review and recommend to the Board, the Annual Report on CSR activities to be included in Board’s Report and a certificate submitted by the person responsible for financial management.
 - h. Review and recommend to the Board, the impact assessment report obtained by the Company from time to time.
 - i. Undertake such activities and carry out such functions as may be provided under section 135 of the Act and the Rules.
- (vii) “CSR Policy” shall mean this Policy.
- (viii) “Unspent CSR Account” shall mean an account opened by the Company with a scheduled commercial bank in terms of sub-section (6) of the section 135 of the Act.
- (ix) “CSR Projects” shall mean projects or programs mentioned in Schedule VII of the Act, as amended from time to time;
- (x) “Net Profits” shall mean the net profit before tax of the Company as per its financial statements prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely:

- a. any profit arising from any overseas branch or branches of the Company, whether operated as a separate company or otherwise; and
 - b. any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act.
- (xi) “Ongoing Projects” shall mean multiyear project undertaken by the Company in fulfillment 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 on reasonable justification.

4. Approach to CSR

The CSR Policy focuses on addressing critical social, environmental, and economic needs of the marginalized/underprivileged sections of the society. The Company adopts an approach that integrates the solutions to these problems into the strategies of the Company to benefit the communities at large and create social and environmental impact.

5. Governance Structure

As per the provisions of Section 135(9) of the Act, any company whose amount of CSR obligation is less than Rs. 50,00,000/- (Rupees fifty lakhs only) is not required to constitute a CSR committee and such duties in that case shall be discharged by the Board.

The Board pursuant to the above provision has decided that the functions of the Committee as defined above shall be carried out by the Board.

6. Scope of CSR activities in MANJUSHA

The Company through its Board undertakes 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 the Schedule VII of the Act (as amended from time to time) or such other projects or purposes as may be suggested by the State Government from time to time as its CSR Projects preferably resulting into the growth, development, capacity building, cluster formation and any other activity (for e.g., research and development) of the handicraft artists and artisans of the West Bengal.

7. CSR Expenditure

The total budget for the CSR projects will be decided and approved by the Board in the following manner:

- (i) The Company shall, in each financial year, spend a minimum amount of 2% of the average net profits made during three immediately preceding financial years or such higher amount as may approved by the Board.
- (ii) Pursuant to Rule 7(1) of the Rules, the Administrative Overheads shall not exceed 5% of Minimum allocation of CSR or such limit as prescribed under the law.
- (iii) In any financial year, if the Company is unable to spend the minimum allocation of CSR, the Company shall, in its Board’s Report prepared under Section 134(3)(o) of the Act, specify the reasons for not spending the amount.
- (iv) The Company shall deal with the unspent amount, if any, in the following manner:

- a. where the unspent amount is related to an Ongoing Project, such unspent amount shall be transferred to the Unspent CSR Account within a period of 30 days from the end of the financial year and the same shall be spent in the manner as prescribed in section 135(6) of the Act and the Rules; and
 - b. where the unspent amount is not related to an Ongoing Project, such unspent amount shall be transferred to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year or such other time period as permissible under the Applicable Law.
- (v) The Board would be authorized for sanctioning the amount for any specific activity/initiative and/or to delegate authority from time to time to allocate amount for any such specific activity within the approved ceiling limit.
- (vi) Where a company spends an amount in excess of the minimum allocation of CSR, such excess amount may be set off against the minimum allocation of CSR of three immediately succeeding 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, in pursuance of Rule 7(2) of the Rules.
 - b. the Board of the Company shall pass a resolution to that effect.
- (vii) Any surplus generated from CSR projects undertaken by us will be further used in development of the CSR projects and will not be added to the normal business profits and shall be dealt with in accordance with the Act and CSR Rules.
- (viii) 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) 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.

8. Implementation of CSR Projects/ activities

- (i) The Projects may be taken up by the Company directly or through or through an external qualified agency covered under Rule 4(1) or in collaboration with other companies or entities, including its group companies, to carry out any CSR Projects, in accordance with this Policy and Applicable Law.
- (ii) In case the Board decides to execute a CSR Project through an external agency it would adhere to the conditions as specified in the Policy.

9. Formulation of the Annual Action Plan

- (i) The Board shall formulate the Annual Action Plan at the meeting of the financial year wherein the annual accounts of the Company shall be considered for approval and it may alter such plan at any time during the financial year based on the reasonable justification

to that effect.

10. Carrying out CSR Projects through external agencies

In case the Board decides to execute a CSR Project through an external agency ('Implementing Agency'), as covered under Rule 4(1) it would adhere to the following guiding principles:

- (i) The Implementation Agency must be eligible for carrying the CSR Project, and must have track record in carrying similar project for a period to the satisfaction of the Board, but not less than 3 years;
- (ii) The disbursement of funds to the Implementation 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;
- (iii) The Implementation Agency must provide periodically reports, to the satisfaction of the Board, about execution of the Project;
- (iv) The Board of the Company shall ensure that the CSR activities are undertaken by the Company directly or in collaboration with other companies or through any implementation agencies eligible under the Rules to implement CSR activities and it shall satisfy itself that the funds so distributed have been utilized for the purposes in the manner as approved by it and the person responsible for financial management shall certify to that effect.
- (v) The Company shall ensure that implementation agency has a unique CSR Registration Number.

➤ Monitoring and Evaluation:

- (i) The Board shall periodically monitor and evaluate the performance of the projects and the achievement of targets and approve any decision including allocation/ reallocation of funds, with respect to the Project which it thinks fit.
- (ii) The Board shall seek statements and reports on the progress of each of CSR Projects from the implementing agencies, if any on a periodical basis and in case the implementing agencies have failed to spend the allocated amount or failed to meet the timeline for execution of its projects, the Board shall place the reasons for the same.

11. Impact Assessment

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

- (iv) The Company may book the expenditure arising out of the impact assessment towards Minimum CSR allocation for the financial year in which the assessment is being carried out, which shall not exceed five percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is less.

12. Amendments

Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the guidelines on the subject as may be issued from the Government, from time to time. The Company reserves the right to modify, cancel, add, or amend any of these clauses of this policy.