

GVP INFOTECH LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY

GVP INFOTECH LIMITED

(Formerly known as Fourth Dimension Solutions Ltd)

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CIN : L74110DL2011PLC221111

1. INTRODUCTION

The 'Corporate Social Responsibility' is a statutory provision under Section 135 of THE COMPANIES ACT, 2013 (NO. 18 OF 2013) [29th August 2013] read with Schedule VII of the Act. Subsequent to the statutory provision, the Ministry of Corporate Affairs (MCA), Government of India, notified on 27th February 2014, "The Companies (Corporate Social Responsibility Policy) Rules, 2014" ("CSR Rules" for short). Along with this an amended Schedule VII to the Companies Act, 2013, which provides the list of activities which may be undertaken as CSR activities are also notified. The CSR Rules and the amended Schedule VII have come into force with effect from 1st April 2014.

The above Act enjoins all companies to have a CSR policy, and the information which needs to be furnished in the CSR policy is specified in the CSR Rules. The initiatives which a Company broadly intends to undertake should also find mention therein.

2. CSR BUDGET AND SURPLUS

As prescribed in Section 135(5) of the Companies Act, 2013, Company shall make every effort to spend in every Financial Year at least 2% of average net profit (calculated as per provision of section 198 of the Companies Act, 2013) made during three immediately preceding Financial Years on CSR activities. Annual CSR budget would be approved by the Board on the recommendation of the Board CSR Committee, subject to the provisions of the Act and Rules made thereunder and amended from time to time.

Where any Corporate Social Responsibility (CSR) fund remains unspent at the end of any financial year, unless the same relates to any ongoing project, transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

Any CSR fund remaining unspent at the end of any financial year and relates to any ongoing project undertaken by a company in pursuance of its 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 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.

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3. CONTROL AND GOVERNANCE

There shall be a three-tier structural mechanism in place to look after the governance, implementation and review of CSR Policy and activities thereof. The distribution of overall responsibilities and functions shall be as follows:

3.1 Board

Pursuant to Section 135 of the Companies Act, 2013 read with the CSR Rules, the Board of the Company shall approve the CSR projects to be executed by the Company. However, for administrative convenience, Board may delegate the financial authority to approve yearly CSR expenses (per project) to the Board CSR Committee and/or Management CSR Committee.

3.2 Board Level CSR Committee

In terms of Section 135(1) of the Companies Act, 2013 read with Rule 5 of the CSR Rules, the Company shall institute a CSR Committee of the Board consisting of three or more directors out of which at least one director shall be an independent director. The Committee will meet at least two times in a year. Consistent with the above, the CSR Committee of the Board shall consist of CMD, ex-officio, as Chairman of the committee and two other Directors as Members to be nominated by the Board including the independent director.

Functions of Board CSR Committee:

Pursuant to Section 135(3) of the Companies Act, 2013 read with the CSR Rules, the Board Level Committee shall perform the following functions:

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy (CSR Policy) which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act, 2013;
- Recommend the amount of expenditure to be incurred on the CSR activities;
- Monitor the execution of the policy from time to time;
- Institute a transparent monitoring mechanism for implementation of the CSR Projects or programs or activities undertaken by the company
- Review the policy and making recommendations to the Board for carrying out appropriate amendments in CSR Policy;

- Approve the CSR projects within the financial authority (if any) approved by the Board.
- Ensure legal and regulatory compliance from CSR viewpoint.
- Ensure reporting and communication to stakeholders on the Company's CSR projects/initiatives

3.3 Management level CSR Committee

The Company shall have a Management CSR Committee consisting of three or more members including CMD. Other members of the Committee shall be nominated by the CMD and shall consist of members dedicated to the CSR initiative under the guidance and chairmanship of CMD. One of the nominated members, officer of any cadre, to be nominated by Chairman, as the Member Secretary responsible for the day-to-day work pertaining to CSR. The Committee will meet as and when needed to fulfil the CSR commitments.

4. CSR PROJECTS

4.1 To provide a focused and structured approach, the Company will focus its CSR spending only on specific areas as enumerated in the Schedule VII of the Companies Act, 2013. The Management Level CSR Committee would put up to the Board Level Committee appropriate details of proposed projects including implementation period, modalities of execution in the areas/sectors chosen, implementation schedules for the same etc. The Board, Board CSR Committee and the Management CSR Committee, within its competence, will consider and approve CSR projects/programs to be undertaken during the year.

4.2 In compliance with Rule 4 of the CSR Rules, while approving the projects, the Board, Board Level Committee or the Management CSR Committee, as the case may be, shall adhere to the following provisions:

- CSR project is non-discriminatory in nature and contribution of any amount directly or indirectly to any political party within the meaning of section 182 of the Companies Act, 2013 shall not be considered as CSR activity.
- The projects will be within the areas recommended / listed by the CSR Committee and mentioned in the Policy.
- The projects shall not be an activity coming within the business as usual.
- The projects will be implemented within India.

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- Projects should not be exclusively for the benefit of employees of the company or their family members or those that are conducted /undertaken exclusively in pursuance of the normal course of business.
- Contribution to Corpus of an Implementing Agency shall qualify as CSR expenditure as long as:
 - a. the Implementing Agency is created exclusively for undertaking a CSR activity permitted under this Policy, OR
 - b. Where the corpus is created exclusively for a purpose directly relatable to a subject covered in Schedule VII of the Act and covered under this Policy.

5. MODE OF EXECUTION OF CSR PROJECTS

5.1 The Company will undertake CSR projects, falling within the specific areas outlined in Annexure B, with the involvement of local institutions and the community at large. The Management Level CSR Committee shall work towards the execution, implementation and monitoring of the CSR projects/initiatives in accordance with the provisions of this Policy.

5.2 The actual implementation of various initiatives will be broad-based either through Company's own employees/departments identified by the Management Level Committee or through the engagement/partnering of any external agency like Trusts, Societies, Section 8/ Section 25 companies ('Implementing Agency' for short) in terms of Rule 4 of the CSR Rules or through collaborative projects with other corporates.

5.3 The Company would encourage the involvement of its employees in its CSR initiatives and will therefore proactively engage with employees and other key stakeholders to solicit their volunteering and active involvement in the Company's CSR programs.

5.4 The Implementing Agency should mandatorily have not less than 3 (three) years of experience in implementing projects in the respective areas. The Implementing Agency must also comply with the Company's internal criteria, mentioned in Annexure C below, to ascertain the Implementing Agency's credibility and ability to execute the proposed projects.

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6. PROCEDURE FOR SELECTING IMPLEMENTING AGENCY

6.1 Selection of Implementing Agency shall be done through the following process:

- The Company shall develop specifications for the particular CSR project/programme/activity intended to be implemented through an Implementing Agency.
- The Company shall then invite proposals/concept papers in respect of such CSR project/programme/activity by issuing an appropriate advertisement. This can involve sending out invitations for proposals/concept papers and/or posting the opportunity online, thereby, making it 'open to propose' to anyone, who qualifies to send proposal/concept paper on such project/programme/activity.
- The Company shall set a deadline on when the last proposals/concept papers shall be accepted. Once that deadline is reached, the proposals which are not in conformity either with the provisions of this Policy or the Annexure C shall be rejected, and the rest shall be preliminarily selected by the Management Level CSR.
- The proposals/concept papers submitted by the Implementing Agencies and preliminarily selected as aforesaid, shall be reviewed in order to arrive at the final Project Document. The Project Document shall be approved by the Management Level CSR Committee and shall explicitly contain the details of the particular CSR activity/project, key tasks involved, duration of assignment, bill of quantities, deliverables etc.
- The Project Document so finalized shall then be shared with the eligible proposers to enable them to submit their financial bids on such project/programme/activity.
- The final selection of the Implementing Agency shall be on the basis of lowest cost indicated in the financial bids.
- Where the Implementing Agency is receiving financial support towards the operational cost or has received, either on leasehold or freehold basis, the capital infrastructure such as land, building etc. from Government of India/State Government; and further has been functioning for a minimum period of 20 years as on the date of consideration thereof or has received financial contribution from other Public Sector Undertakings (PSUs), such an Implementing Agency may be selected without following the procedure mentioned hereinabove.

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7. FUNDS DISBURSEMENT

In compliance with Rule 4 of the CSR Rules, the Company shall adhere to the following provisions in matters relating to the disbursal of funds to Implementing Agencies towards CSR projects/activities/programme:

7.1 The disbursal of funds towards each CSR project undertaken by the company through an Implementing Agency will be either in agreed instalments or one-time payment or such other mode as may be decided by the Company depending on the nature and requirement of the project. The terms, conditions and timing of disbursement will be discussed and agreed and shall typically form part of the Memorandum of Understanding (MOUs) with the Implementing Agency.

7.2 Where the disbursal of funds is agreed to be paid in instalments then the first instalment may be released on signing of the MOU between the Company and the Implementing Agency. As far as possible, subsequent instalments shall be released after ensuring the following:

- Production of Utilization Certificate (as prescribed by the Company) by the Implementing Agency;
- Physical verification by the nominated Company officials or through supervising experts hired for conducting audits of the CSR projects and progress

7.3 Where the disbursal of funds is agreed to be paid by way of one-time payment, the same shall be made after ensuring the following:

- The receipt of Bank Guarantee equivalent to the estimated Project Cost submitted by the Implementing Agency;
- Production of stage-wise scope of work and a corresponding estimated fund requirement;
- Production of Utilization Certificate (as prescribed by the Company) by the Implementing Agency;
- Physical verification by the nominated Company officials or through supervising experts hired for conducting audits of the CSR projects and progress.

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8. MONITORING

In terms of Section 135(3)(c) of the Companies Act, 2013 read with Rule 6(1)(b) of the CSR Rules, the Management Level CSR Committee will ensure to have in place a transparent monitoring mechanism for ensuring effective implementation of the projects / programs/ activities proposed to be undertaken by the Company.

The Company shall monitor the approved projects and funds disbursements for such projects. Monitoring mechanisms will include visits, meetings and progress/status reporting by the Implementing Agency/department. As per the requirement and peculiarity of each project, the Management Level CSR Committee, shall put in place a robust system to maintain a transparent monitoring and reporting mechanism across all the stakeholders involved in the CSR activities of the Company. Monitoring of CSR projects shall include:

- Periodical visits to the project sites
- Self-analysis of the project progress (through personal and physical inspection)
- Third party audits through the engagement of experts.
- Fund Utilization Certificate obtained from the Implementing Agency.

9. REPORTING

In terms of Section 135 of the Companies Act, 2013 read with Rule 8 of the CSR Rules, CSR activities and progress shall be reported as part of the Director's Report in the Company's Annual Report and also as per any other statutory and regulatory reporting requirements. The internal reporting of the CSR activities and progress shall be reported from time to time to Board Level CSR Committee and also to the Board of Directors. Above reports shall be in such form and manner as may be convenient and appropriate to suit the purpose of effective communication.

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Annexure B

Specific areas for CSR activities as mentioned in Schedule VII of the Companies Act, 2013

1. eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;
2. promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
3. promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
4. 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;
5. 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;
6. measures for the benefit of armed forces veterans, war widows and their dependents;
7. training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
8. contribution to the Prime Minister's National Relief Fund or any other funds set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Caste, the Scheduled Tribes, other backward classes, minorities and women;
9. contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government
10. Rural development projects.

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Annexure C

Mandatory criteria for selection of Implementing Agencies

1. Registration details

- The Implementing Agency shall be a legally registered organization including:
 - a. Registered as a society or as a trust under any Central/State law or licensed company under Section 25 of the Companies Act 1956 or Section 8 of the Companies Act, 2013.
 - b. The Implementing Agency should be registered for a period of minimum 3 years as on date of submission of their application to the Company.
- The Implementing Agency must possess Form 12AA registration under Income Tax Act for charitable purpose.
- Preference shall be given to the Implementing Agency possessing registration under Section 80 G Income Tax Act.
- The Implementing Agency must possess registration certificate under Foreign Contribution (Regulation) Act, 1976 (if availing foreign funds).
- The Implementing Agency must submit at least 3 years audited financial reports.

2. Infrastructure

The basic infrastructure of the Implementing Agency should be in place which includes fixed place of operation, clearly defined staff structure including number, names, roles & responsibilities of the staff etc. involved in the project, organization's capacities, staff experience and expertise in the context of the proposed project and otherwise, geographical area covered by the organization, other projects undertaken by the Organization. Implementing Agency should disclose financial assistance received from other sources.

3. Credible links:

- The Implementing Agency should, preferably, have prior experience in the proposed area of work.
- The Implementing Agency should have an established track record in any of the related development fields as mentioned in Schedule VII of The Companies Act.
- The Implementing Agency should have no conflict of interest with the government, AIC or any of AIC's shareholders.

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- Implementing Agency will be compliant with various legislations that are enacted from time to time, rules framed there under, and Guidelines issued by the Government or any other concerned authority.
- Any contribution to the Implementing Agency should preferably qualify for tax exemptions under Income tax Act 1961 (if any).

4. Robust financial management system and clean tack record:

The Implementing Agency must necessarily have a financial management system in place including an independent bank account and annual audits, with necessary documentary evidence. AIC will not engage with any Implementing Agency which:

- Has pending legal disputes and or enquiries in connection with offences like cheating, misappropriation of funds, exploitation of beneficiaries, etc.
- Is blacklisted by any government agency

5. Good working relationship and networking with other Implementing Agency:

The Implementing Agency should have good working relationship and networking with other Implementing Agency and Government bodies etc. in its operational area.