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Corporate Social Responsibility (CSR) Policy

NOVA AGRITECH LIMITED

Corporate Social Responsibility (CSR) Policy

INTRODUCTION

Nova Agritech Limited (“the Company”) has always been a responsible Corporate Citizen and it has various societal obligations. It always seeks ways to make a positive impact on society at large. The Company has developed its CSR policy in accordance with Section 135 of the Companies Act 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended by Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 dated January 22, 2021.

The policy pertaining to Corporate Social Responsibility of the Company, henceforth called “CSR Policy”, underlines the guiding principles and mechanisms for undertaking various CSR activities/programs by the Company.

In alignment with its vision, as a socially responsible corporate citizen, the Company will continue to enhance value creation in the society and community in which it operates, through its conduct, services and CSR initiatives it will strive to promote sustained growth in the surrounding environment.

OBJECTIVES

- ✚ To operate its business in a sustainable manner respecting the society & the environment, while recognizing the interests of all its stakeholders.
- ✚ To also take up the works for eradicating poverty, promoting education, health care, and proper sanitation, and providing free subsidized health care to poor and needy people by organizing various programs.
- ✚ To contribute to the activities that are beneficial to the society and community at large.
- ✚ To make an effective mechanism for undertaking CSR activities.
- ✚ To engage with the Company's key stakeholders in matters related to CSR activities.
- ✚ To align the CSR activities undertaken by the Company with the applicable laws.

CSR ACTIVITIES /AREAS OF FOCUS/GUIDING PRINCIPLES FOR SELECTION

The list of CSR projects or programmers that are approved to be undertaken shall be in the areas or subjects specified in Schedule VII of the Act read with Section 135 of the Companies Act, 2013 and Rules made thereunder.

The indicative list of CSR activities those may be undertaken/ implemented by the Company is provided in the Annexure I of this policy.

[List is not exhaustive in nature, further, the CSR activities undertaken shall not be activities in pursuance of the normal course of business of the Company, and the programs or activities that benefit only the employees of the Company or their families shall not be considered as CSR activities.]

The Board of Directors and/or the CSR Committee reserve the right to modify, alter or otherwise update Annexure I from time to time, and as it deems fit. If there is any inconsistency between CSR Policy, Annexure I, and/or the Indian regulations, the requirements of the Indian regulations shall prevail. In such a scenario, the Board of Directors and/or the CSR Committee shall modify, alter or update the CSR policy and/or Annexure I to ensure that it meets the requirements of such regulations.

ORGANIZATION MECHANISM

Composition of the CSR Committee

The CSR Committee shall be constituted by the Board of Directors of the Company pursuant to the provisions of Section 135 of the Companies Act, 2013, and Rules made thereunder as amended from time to time.

Current Composition:

S. No.	Name of the Director	Designation	Position in the Committee
1	Mr. Kiran Kumar Atukuri	Managing Director	Chairman
2	Mr. Adabala Seshagiri Rao	Chairperson & Independent Director	Member
3	Mr. Kiran Kumar Adapa	Non-Executive Independent Director	Member

[Reconstituted on November 23, 2022]

The terms of reference of the CSR Committee was approved by a Board Resolution dated 27 February 2023.

The scope and function of the Corporate Social Responsibility Committee is in accordance with Section 135 of the Companies Act. The terms of reference of the Corporate Social Responsibility Committee are as follows:

1. To formulate and recommend to the Board, a Corporate Social Responsibility policy which will indicate the activities to be undertaken by the Company in accordance with Schedule VII of the Companies Act and the rules made thereunder and make any revisions therein as and when decided by the Board;
2. To identify corporate social responsibility policy partners and programmes;
3. To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the Company for corporate social responsibility activities and the distribution of the same to various corporate social responsibility programmes undertaken by the Company;
4. To monitor the Corporate Social Responsibility policy of the Company from time to time including delegation of responsibilities to various teams and supervise, monitor and review the timely implementation of corporate social responsibility programmes;
5. Any other matter as the Corporate Social Responsibility 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; and
6. To exercise such other powers as may be conferred upon the Corporate Social Responsibility Committee in terms of the provisions of Section 135 of the Companies Act.

CSR EXPENDITURE

The total amount allocated for the expenditure on CSR activities ("CSR Fund") for each financial year by CSR Committee may include the following:

- a) Two (2) percent of the average net profits of the Company made during the three immediately preceding financial years (or)

b) Such amount as may be specified under the applicable law

[Meaning of Net Profit: Net Profit means, Net Profit as defined in Section 135 of the Companies Act, 2013 and/or Rules made thereunder as amended from time to time.]

The CSR Committee will decide on the activities to be undertaken in each financial year and the budget allocation for the same, all the amount allocated and amount spent by the Company for the CSR activities shall be in compliance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder (as amended from time to time) and shall be diligently documented.

IMPLEMENTATION

Subject to compliance with applicable provisions of the law, the CSR activities shall be undertaken by the Company (either by) 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,
- 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;
- 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 has an established track record of at least three years in undertaking similar activities.
- e) any such other method as may be permitted by applicable law from time to time.

CSR Committee to formulate and recommend to the Board, an Annual Action plan and submit it along with the CSR budget, which shall include the following namely: -

- ✓ List of CSR projects or program
- ✓ Areas where CSR projects are to be implemented
- ✓ Manner of execution of such program
- ✓ Modalities of the utilization of funds and implementation schedules for the projects.

- ✓ Monitoring and reporting mechanism for the projects,
- ✓ Details of need and impact assessment, if any, of such projects.

Provided that the Board may alter such Annual Action plan at any time during the year, as per the recommendation of its CSR Committee, based on reasonable justification to that effect.

MONITORING AND EVALUATION FRAMEWORK

- a) Responsibility is cast on the Chief Financial officer (CFO) to monitor and evaluate the CSR funds.
- b) CFO shall submit a certificate to the Board / CSR Committee that the funds are utilized as approved by the CSR Committee / Board of the Company in order to bring more transparency and accountability.

The Company may also collaborate with other companies for undertaking CSR projects or CSR activities, in such a manner that the CSR Committees of respective companies are in a position to report separately as per CSR policy

TRANSFER OF UNSPENT CSR FUND

Any unspent amount shall be transferred as mentioned below:

ONGOING PROJECT	PROJECT NOT APPROVED
<p>Transfer the amount to a special account in the name of "Unspent Corporate Social Responsibility Account" within 30 days of the closure of the year.</p> <ul style="list-style-type: none"> • Aforesaid amount needs to be spent within 3 years' time. • if not able to spend then transfer within 30 days of completion of 3rd Financial year to PM/National relief funds etc. (as mentioned in Schedule VII of Companies Act). 	<p>Transfer the amount within 6 months of completion of the year to PM/National relief funds etc. (as mentioned in Schedule VII of Companies Act).</p>

[Meaning of Ongoing Project is a multi-year project undertaken by a Company in fulfillment of its CSR obligation having timelines not exceeding 3 (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 1 (one) year by the Board based on reasonable justification.]

EXCESS AMOUNT SPENT

In case the company spends on CSR activities in excess of its obligation of 2% of average net profit of 3 (three) years, then the Company can take setoff of such excess spend against the obligation to spend in the immediate succeeding 3 (three) financial years' subject to following conditions:

- a) Excess amount available for setoff shall not include the surplus arising out of the CSR activities, if any
- b) The Board has to pass a resolution to that effect.

CSR REPORTING

The Board's Report shall include an Annual report on CSR containing particulars newly specified in the CSR Amendment Rules, 2021

WEBSITE DISCLOSURE

Company shall disclose the following on the website of the Company:

- ✓ Composition of the CSR Committee
- ✓ CSR Policy
- ✓ Projects approved by the Board for public access.

AMENDMENT

The Board (including its duly constituted committees wherever permissible), shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy. This Policy shall automatically stand amended to reflect any changes to the SEBI Regulations or Companies Act, 2013, to the extent the same is the subject matter of this Policy.

DISCLAIMER

While the Company would strive to achieve the objectives of the above policy, the Company does not make any personal assurance or any commitment to any individual or group who may be eligible/interested for the benefits under the above policy and the Company disclaims any liability, what so ever on the same.

[This Policy is approved and adopted by the Board of Directors in their meeting held on February 27, 2023]

1. The list of CSR projects or programmes that are approved to be undertaken:

Activities which may be included by companies in their Corporate Social Responsibility Policies Activities relating to:

- i. Eradicating hunger, poverty and malnutrition,
- ii. Promoting education,
- iii. Promoting gender equality, empowering women,
- iv. Ensuring environmental sustainability,
- v. Protection of national heritage, art and culture
- vi. Measures for the benefit of armed forces veterans, war widows and their dependents,
- vii. Training to promote rural sports
- viii. Contribution to the Prime Minister's National Relief Fund and PM Cares fund
- ix. Contribution to incubators or research and development projects
- x. Rural development projects
- xi. Slum area development.
- xii. Disaster management, including relief, rehabilitation and reconstruction activities.

Explanation – Spending on creating awareness of prevention of spread of Covid19 pandemic or any such ancillary activities thereof, shall qualify as CSR activity under the "Disaster management"

2. Any other projects or activities /areas /subjects specified by the Central Government pursuant to section 135 of the Companies Act, 2013, from time to time.

Words and expressions used and not defined in this policy but defined in the Act/Rules shall have the same meanings.
