

**CORPORATE SOCIAL RESPONSIBILITY POLICY**

**TRUSTWELL HOSPITALS PRIVATE LIMITED**

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**ANNEXURE: SCOPE OF CSR ACTIVITIES AS PROVIDED IN SCHEDULE-VII**

## 1. PURPOSE:

In conformity with requirements laid down under The Companies (Corporate Social Responsibility Policy) Rules, 2014 (hereinafter referred to as “the **CSR Rules**”) issued by the Ministry of Corporate Affairs (“MCA”), under Section 135 of the Companies Act, 2013 (“**the 2013 Act**”), (both together referred as “The CSR Provisions”), every company is required to spend at least 2% of the average net profits made during the three immediately preceding financial years when it meets any one or more of the below-specified threshold limits (as existing currently):

- Net worth of Rs. 500 crore or more
- Turnover of Rs. 1,000 crore or more
- Net profit (before taxes) of Rs. 5.00 crore or more.

TRUSTWELL HOSPITALS PRIVATE LIMITED (“The Company” or “Trustwell”) is meeting the 3<sup>rd</sup> threshold limit as per above provisions, from the financial year 2021-22 therefore, the requirement of complying the CSR Provisions are applicable to the company.

The purpose of this policy is therefore twin fold:

- To comply with the CSR Provisions (as it prescribes the need to have a CSR Policy);
- To outline the approach of the Company on Corporate Social Responsibility (“CSR”).

Further, this Policy also intends to lay down governing principles:

- to take up those initiatives and identify those activities where social needs are un-met but which are essential for an optimum equilibrium among masses;
- to enable undertaking CSR activities either by the Company on its own or by engaging any implementation partners for deeper penetration of such activities and for a societal impact; and
- to collaborate with other companies in India (whether or not group companies) for conducting CSR activities to bring in economies of scale, and pooling of resources, among others.

## 2. FOCUS AREAS:

Schedule VII to the Companies Act, 2013 lists down the activities which may be included by companies in their CSR Policies. Trustwell would like to focus on all the activities mentioned in the said 2013 Act, as each of the activities provide ample opportunities for investing time, money and focus to bring about a positive societal change. The Company shall undertake CSR Projects / Programs that are aligned with in the areas or subject specified in Schedule VII of the Act as enacted/ statutorily modified from time to time. The list of areas/subject currently covered in Schedule VII of the Act is mentioned as Annexure.

The extended scope of coverage of the CSR initiatives of the Company comprises of the below specified activities:

- Promoting healthcare, destitute care and rehabilitation
- Eradication of hunger and malnutrition
- Contribution to the Prime Minister's National Relief Fund or any other fund set up or notified by the Central Government for socio-economic development, relief or welfare of the specified classes of people, minorities or women

- To promote such other activities towards betterment of the society as the Board may think fit
- To contribute to/promote such other activities as may be notified in Schedule VII to the Act by Central Government, from time to time.

### 3. CSR COMMITTEE:

As per the provisions of Section 135 of the Companies Act, 2013 where the amount to be spent by Company under CSR does not exceed fifty Lakhs, the requirement of constitution of CSR Committee shall not be applicable and the functions of such committee shall be discharged by the Board of Directors of such Company.

Currently, the 2% of the average net profits made during the three immediately preceding financial years, does not exceed fifty Lakhs and thereby the Company intends that the activities of CSR shall be discharged by the Board of Directors.

The Company shall constitute CSR Committee if the CSR liability exceeds the threshold limit of Rs. 50 Lakh or any such amount as may be prescribed from time to time.

### 4. CSR EXPENDITURE:

The Companies Act, 2013 prescribes that the companies which meet the criteria specified under Section 135 shall allocate at least 2% of the average net profits made during the three immediately preceding financial years, for CSR activities under this policy.

The Average Net Profit for this purpose shall be calculated in accordance with the provisions of the Companies Act, 2013 or Rules made thereunder in this regard.

The CSR expenditure shall include the projects or programs relating to CSR activities approved by the Board of Directors but does not include any expenditure on an item not in conformity or not in line with activities stated under Schedule VII of the Act.

#### **Certification from CFO/ Finance Head**

The person responsible for financial management shall certify that the CSR funds disbursed towards CSR projects have been utilized for the purposes and manner in which they were approved by the Board.

#### **Expenditure on CSR overheads**

The Company may spend towards administrative overheads for the financial year for the purpose of CSR functions in the Company subject to the limits specified under the Act.

#### **Failure to spend the CSR Money**

If the Company fails to spend the required amount in a particular financial year, the Board of Directors will disclose the reasons for not being able to spend the entire budgeted amount on the CSR activities as planned for that year in the Annual Report of the Company and transfer such unspent amount in the manner prescribed under the Act and relevant CSR rules.

#### **Surplus from CSR Projects**

Surplus, if any, arising out of the CSR projects or programs or activities shall not form part of the business profit of the Company. It shall be treated as follows:-

- i. Plough back into the same project/programmes
- ii. Transfer to an Unspent CSR Account and spent in pursuance of CSR policy and Annual Action Plan of the Company; or
- iii. Transfer to Fund specified in Schedule VII or such other fund as may be specified, within the prescribed timeline as specified in CSR rules.

**Set-off of excess amount spend towards CSR in immediate succeeding three financial years**

The excess amount spent may be set off against the requirement to spend under section 135(5) up to immediate succeeding 3 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.
- ii. the Board of the Company shall pass a resolution to that effect.

**5. ROLE OF THE BOARD OF DIRECTORS & CSR COMMITTEE**

The Board oversees the implementation of our CSR Policy, in compliance with the requirements of Section 135 of the Act and the Rules made thereunder.

The CSR committee constituted by the Company will be required to recommend the CSR projects to be undertaken by the Company only if the CSR liability exceeds the threshold limit of Rs. 50,00,000 (Rupees Fifty Lakh only) or any such amount as may be prescribed from time to time. If the CSR liability does not exceed the threshold limit of Rs. 50 Lakh, then the Board of Directors themselves will administer the CSR spend.

In other words, where the amount required to be spent by a company on CSR does not exceed fifty lakh rupees, the requirement for constitution of the CSR Committee is not mandatory and the functions of the CSR Committee, in such cases, shall be discharged by the Board of Directors of the company.

The Corporate Social Responsibility Committee shall –

- (i) formulate and recommend the CSR policy to the Board;
- (ii) recommend the amount of expenditure to be incurred on CSR activities;
- (iii) recommend to the Board on budget allocation for any CSR project including modalities of utilisation of funds in every project
- (iv) monitor the CSR policy of the company from time to time; and
- (v) formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy, which shall include the items as mentioned in rule 5(2) of the Companies (CSR Policy) Rules, 2014, including providing for modalities of utilisation of funds.

Currently, the 2% of the average net profits made during the three immediately preceding financial years, does not exceed fifty Lakhs and thereby the Company intends that the above responsibilities of CSR shall be discharged by the Board of Directors.

The Company shall constitute CSR Committee if the CSR liability exceeds the threshold limit of Rs. 50 Lakh or any such amount as may be prescribed from time to time.

The Board of Directors of the Company shall –

- approve the CSR policy;
- Disclose contents of such policy in its report and also place it on the company's website, if any;

- Ensure that the activities included in the CSR policy are undertaken by the company;
- Ensure that the company spends, 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;
- Satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it
- satisfy itself regarding the utilisation of the disbursed CSR funds;
- If the company fails to spend at least two per cent of the average net profits of the company, the Board shall, in its report made under clause (o) of sub-section (3) of section 134, specify the reasons for not spending the amount and transfer the unspent CSR amount as per provisions of sections 135(5) and 135(6) of the Act; and
- Any other functions as per the provisions of the Act and CSR rules

In case of ongoing projects, the major responsibilities of the Board, inter-alia, include:

- (i) identification of the ongoing projects;
- (ii) year-wise allocation of funds;
- (iii) transferring the unspent money to a separate bank account as prescribed under sub-section (6) of section 135;
- (iv) monitoring the implementation of the projects with reference to the approved timelines and year-wise allocation; and
- (v) making modifications, if any, for smooth implementation of the projects within the overall permissible time period.
- (vi) Any other functions as per the provisions of the Act and CSR rules

### 6. GUIDING PRINCIPLES FOR SELECTION OF PROJECTS:

**Right Focus:** Concerted and focused efforts keeping in view social, economic, environmental well-being with a holistic approach on sustainable development of people and planet leading to projects that will have long lasting and systemic impact which are non-discriminatory in nature.

**Right scale:** Focus on scalable projects which need significant coordination with large sections of civil society.

**Right monitoring and strong governance:** Projects with evidence-based and measurable impacts along with focus on strong governance and monitoring mechanism.

### 7. IMPLEMENTATION AND MODALITIES OF EXECUTION:

Trustwell may undertake any of the CSR activities as highlighted under the head 'Focus Areas' either by its own or through the below implementing agencies:-

The CSR Agencies / Collaborators could be:

- I. 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 (43 of 1961), established by Trustwell, either singly or along with any other company, or
- II. 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
- III. any entity established under an Act of Parliament or a State legislature; or

- IV. 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.

A company established under section 8 of the Act, or a registered public trust, or a registered society are required to have income-tax registration u/s 12A as well as 80G of the Income Tax Act, 1961 to act as implementing agency, except for any entities established by Central or State Government.

Moreover, registered public trust (as referred to in rule 4(1) of the Companies (CSR Policy) Rules, 2014) would include trusts registered under the Income Tax Act, 1961 in respect of those states where registration of public trusts is not mandatory.

The Company may also collaborate with other Companies for undertaking projects or programs or CSR activities in such a manner that the Companies are in a position to report separately on such projects or programs.

In case of failure to ensure the minimum CSR expenditure, details / reasons for the same should be submitted by the Board, which shall be included in their report to the Shareholders.

The Company may undertake the CSR spend in multiple modes:

- (i) 'Activities route', which is a direct mode wherein a company undertakes the CSR projects or programmes as per Schedule VII of the Act, either by itself or by engaging implementing agencies as prescribed in Companies (CSR Policy) Rules, 2014.
- (ii) 'Contribution to funds route', which allows the contributions to various funds as specified in Schedule VII of the Act.
- (iii) Contribution to incubators and R&D projects, as specified in item (ix)(a) and contribution to institutes/ organisations, engaged in research and development activity, as specified under item (ix)(b) of Schedule VII of the Act.

Currently, contributions to the following funds are admissible as CSR expenditure:

- (i) Swachh Bharat Kosh
- (ii) Clean Ganga Fund
- (iii) Prime Minister's National Relief Fund (PMNRF)
- (iv) Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)
- (v) Any other fund set up by the Central Government and notified by the Ministry of Corporate Affairs, for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women.

### **8. ANNUAL ACTION PLAN:**

The Annual Action Plan is a yearly plan of CSR activities that would be placed before the Board of Directors of the Company which outlines the aspects of CSR initiatives of the Company. Annual Action Plan to include the following:

- 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:

The Company may take up other CSR activities during the year, as may be considered appropriate in accordance with the requisite approvals and alter such plan at any time during the financial year, based on the reasonable justification to that effect.

### **9. DISQUALIFYING ACTIVITIES FOR CSR:**

- i. 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;
- ii. The CSR activities implemented outside India also fall outside the purview of the Rules and hence CSR expenditure on such activities will not be considered for inclusion in the CSR Report;
- iii. Any amount directly or indirectly contributed towards any political party under Section 182 of the Act shall not be considered as CSR Spend;
- iv. Activities that are undertaken by the Company in pursuance of its normal course of business will not be considered as CSR activities;
- v. Activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;
- vi. Activities carried out for fulfillment of any other statutory obligations under any law in force in India;
- vii. 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.

### **10. GOING BEYOND POLICY IMPERATIVES:**

Although our main thrust lies in providing support to the 'Focus' areas, the Company is not bound to restrict itself to it. The Board is empowered to develop and integrate business models with social and environmental priorities and processes in order to create shared value.

The below clarification of Ministry of Corporate Affairs in the form of FAQ is worth noting in addition to the above (which has been incorporated for the purposes of providing abundant clarity to the reader):

*The first proviso to section 135(5) of the Act provides that the company shall give preference to local areas and the areas around where it operates. Some activities in Schedule VII such as welfare activities for war widows, art and culture, and other similar activities, transcend geographical boundaries and are applicable across the country. With the advent of Information & Communication Technology (ICT) and emergence of new age businesses like e-commerce companies, process-outsourcing companies, and aggregator companies, it is becoming increasingly difficult to determine the local area of various activities. The spirit of the Act is to ensure that CSR initiatives are aligned with the national priorities and enhance engagement of the corporate sector towards achieving Sustainable Development Goals (SDGs). Thus, the preference to local area in the Act is only directory and not mandatory in nature and companies need to balance local area preference with national priorities.*

### **11. MONITORING MECHANISM:**

The Board needs to nominate a dedicated team of project managers to monitor implementation of projects which hold regular discussion with Implementation Agencies, ("IAs") undertake regular site visits and seek periodic reports from IAs. The Board shall also ensure periodic monitoring of projects. Payments to IAs are to be



made as per the milestones achieved by them in accordance with the agreement executed for projects. In addition, reputed external agencies may be appointed to monitor implementation of projects on the ground, who are responsible to report end-to-end activities *vis a vis* objective of projects.

Need based impact assessment studies of certain projects may be conducted by the Company. Project managers need to ensure that IAs submit periodic pictures of project sites and videos (both before and after completion of projects, including satellite pictures), as well as feed-back of people living in the communities/ project beneficiaries. The company may conduct need-based impact assessment studies of various CSR projects in addition to those where it is mandatory to do so.

The Company will conduct site-visits and periodical reviews of projects to verify goal congruence. If found necessary, annual financial review and audit of programs may also be conducted, before fund disbursement is continued.

Project selection and progress of projects will additionally be reviewed by the CSR committee on a periodical basis.

### **12. DISPLAY OF CSR ACTIVITIES ON WEBSITE:**

As per rule 9, the Board of Directors of the company shall mandatorily disclose the following on their website, if any, for public access:

- (i) Composition of the CSR Committee;
- (ii) CSR Policy; and
- (iii) Projects approved by the Board.

### **13. AMENDMENT OF POLICY:**

The policy shall be reviewed by the CSR Committee from time to time for any modifications and amendment.

The Board of Directors may also revise/ amend this CSR Policy to bring the same in line with the guidelines or amendments issued from time to time by Government on the subject. In the event of any conflict between the provisions of this Policy and applicable statutes, the applicable statutes will prevail and be applicable.

### **14. REPORTING:**

Information on the spending by Trustwell shall be disseminated in the Annual Report in the manner required by the Companies Act. If for some reason Trustwell fails to spend 2% of the average net profit of the preceding three FYs on CSR, the reasons thereof, shall be furnished in the report of the Board of Directors under section 134(3) of the Companies Act.

### **Disclosures & Exclusions:**

*The above policy has been drawn out from the provisions contained in Sec. 135 of the Companies Act, 2013, Schedule VII to the Companies Act, the Companies (Corporate Social Responsibility) Policy Rules, 2021 and Notifications, Circulars and FAQs issued by the Ministry of Corporate Affairs upto the date of drafting (together*

## CSR POLICY

*known as CSR Provisions). Whenever there is any amendment to these CSR Provisions, they are deemed to have got incorporated into this Policy, without any need for actually amending this Policy.*

*This Policy specifies the duties and responsibilities of, and methodologies for executing activities by the CSR Committee and the Board. If the CSR Committee is not constituted or reconstituted by the Company as the case may be, or constitution of the CSR Committee is not mandated by the CSR Provisions prevalent at any point of time, then they will be carried out by the Board as stipulated by the CSR Provisions.*

*If any portion of the activity covered by this Policy is not required to be undertaken by the Company as per the CSR Provisions, [for example, formulating an Annual Action Plan, Impact Assessment, etc], then they are deemed to be only optional in nature and deemed to be not obligatory to adhere to.*

**SCOPE OF CSR ACTIVITIES AS PROVIDED IN SCHEDULE-VII OF COMPANIES ACT, 2013**

1. Eradicating hunger, poverty, 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;
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 centres 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 including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;
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, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows];
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 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;
- 9a. 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
- 9b. 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).
10. Rural development projects;
11. Slum area development;
12. Disaster management, including relief, rehabilitation and reconstruction activities