

MAX SPARE LIMITED

**CORPORATE SOCIAL
RESPONSIBILITY POLICY**
(“CSR”)

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1. PRELUDE AND LEGAL FRAMEWORK

At Max Spare Limited (“Max Spare”), Corporate Social Responsibility (CSR) is based on the belief that business sustainability is closely connected to the sustainable development of the communities that the business is a part of and the environment in which the business operates.

2. FOCUS AREAS OF CSR ACTIVITIES

In accordance with the requirements under Section 135 of the Companies Act, 2013 (“the Act”), Corporate Social Responsibility Rules, 2014 (“the Rules”) and any other applicable provisions of the Act, Max Spare ’s CSR Activities, amongst others will focus on:

- **HUNGER, POVERTY, MALNUTRITION AND HEALTH:**

Eradicating hunger, poverty and 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.

- **EDUCATION:**

Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.

- **GENDER EQUALITY AND WOMEN EMPOWERMENT:**

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.

- **ENVIRONMENTAL SUSTAINABILITY:**

Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to Clean Ganga Fund set – up by the Central Government for rejuvenation of river Ganga.

- **PROTECTION OF NATIONAL HERITAGE:**
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.
- **ARMED FORCES:**
Measures for benefit of armed forces veterans, war widows and their dependants, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows.
- **PROMOTION OF SPORTS:**
Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympics sports.
- **CONTRIBUTION TO GOVERNMENT FUNDS:**
Contribution to Prime Ministers 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 Scheduled Castes, Scheduled Tribes, other backward classes, minorities and women.
- **TECHNOLOGY INCUBATORS AND PUBLIC FUNDED UNIVERSITIES:**
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 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).
- **RURAL DEVELOPMENT PROJECTS:**
Strengthening rural areas by improving accessibility, housing, drinking water,

sanitation, power and livelihoods, thereby creating sustainable villages.

- **SLUM AREA DEVELOPMENT**

Strengthening slum areas by improving accessibility, housing, drinking water, sanitation, power and livelihoods.

- **DISASTER MANAGEMENT**

Disaster management, including relief, rehabilitation and reconstruction activities.

3. GOVERNANCE

The CSR Governance structure at Max Spare comprises the CSR Committee and the Board of Directors (“Board”) of the Company.

BOARD

- The Board monitors and reviews the performance and impact of the CSR programmes, provides input and course corrections if required and satisfies itself that the CSR funds so disbursed are aligned to the CSR Policy of the Company and have been utilized for the purposes and in the manner as approved by it.
- The person responsible for financial management and appointed or designated by Board for the said purpose shall certify to the fact that CSR funds so disbursed have been utilised for the purposes and in the manner approved by the Board.

CSR COMMITTEE

The CSR Committee of the Company shall consist of three or more directors including at least 1 Independent Director.

The CSR Committee provides oversight and guidance on CSR performance and monitor compliance with the CSR Policy, commitments and the applicable CSR provisions.

CSR committee will be responsible for fulfilling the CSR obligation of the Company in efficient and effective manner and to do all such acts as are mandated by the Act or as may be entrusted on them by the Board from time to time. CSR committee should meet at such a regular interval as may be necessary in order to sanction various amounts to be spent

under the CSR activities, decide on area of spending, review and monitor at regular interval on the progress of CSR activity as compared to mandatory CSR obligation on the Company as per the provisions of the Act.

The role & responsibilities of CSR Committee are:

- Formulation and recommendation to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as per the Act;
- Monitoring the CSR policy of the Company from time to time;
- Formulation and recommendation to the Board an annual action plan as per the provisions of the Act;
- Recommendation of any alteration in the annual action plan at any time during the year and update, if any, required to the CSR Policy;
- Implementation and Monitoring of the CSR activities as per the annual action plan;
- Identify projects of the Company as ‘Ongoing Projects’ as per the provisions of the Act and recommend the same to the Board;
- Recommend the annual CSR expenditure budget to the Board for approval;
- Undertake Impact assessment through third parties for CSR projects whenever applicable;
- Ensure implementation of CSR activities of the Company within the applicable framework;
- Determine the overall scope of, provide input on, and recommend adoption of the CSR report to the Board of Directors of the Company;
- Performance of such other functions as may be necessary under any statutory or other regulatory requirements to be performed by the Committee and as delegated by the Board from time to time.

4. IMPLEMENTATION

The Company shall ensure that the CSR projects/programmes/activities in identified areas and as per the provisions of the Act and Rules, framed thereunder are undertaken by the company itself or through –

- 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, or

- 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
- any entity established under an Act of Parliament or a State legislature; or
- 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.

The Company shall also ensure that the implementing agencies are registered with the Central Government by filing the form CSR-1 with the Registrar.

The Company may also collaborate with other companies for undertaking projects/programmes/activities in such a manner that the CSR Committees of respective companies are in a position to report separately on such projects or programs in accordance with the Act and Rules made thereunder.

Company may build CSR capacities of its own, i.e. of their own personnel, as well as those of their implementing agencies through institutions with a track record of at least three financial years, and any other criterions which the CSR committee, may deem fit.

5. FUNDING, SELECTION AND MONITORING PROCESS

A. FUNDING OBLIGATION:

The Board of Max Spare will ensure that 2% of average net profits during the three immediately preceding financial years is spent on CSR initiatives undertaken by Max Spare. If Max Spare spends any amount over and above such 2% of average net profits, the same is to be considered as excess CSR expenditure which can be set-off in the immediate succeeding three financial years subject to the conditions as prescribed under the Act.

In order to compute whether Max Spare has under spent or over spent, Max Spare shall consider the following:

- a. **Project Cost** – it shall include designing, implementation, monitoring and evaluation cost incurred directly or indirectly on the project.
- b. **Administrative Overheads** – to ensure that such expenses shall not exceed 5% of the total CSR expenditure of the company for the financial year. Further, these expenses would not include expenses incurred by the Company towards designing, implementation, monitoring and evaluation

B. SELECTION:

Eligibility of Implementing agencies – The Board shall ensure whether those implementing agencies are:

- 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, or
- 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
- any entity established under an Act of Parliament or a State legislature; or
- 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.

The Board shall also ensure that the implementing agencies are registered with the Central Government by filing the form CSR-1 with the Registrar.

C. MONITORING:

Impact Assessment – In the event of average CSR obligation of Rs. 10 crores or more in the three immediately preceding financial years, the Company shall ensure that impact assessment through an independent agency is carried out for CSR projects having an outlay of Rs. 1 crore or more. Expenditure incurred for such assessment shall not exceed 5% of the total CSR expenditure for the financial year or 50 lakh rupees, whichever is less.

Monitoring will be done with the help of identified key qualitative and quantitative performance indicators, with a continuous feedback mechanism, and recourse for mid-course correction in implementation, if needed, to ensure efficacy.

Assessment of utilisation of funds will also be done on a periodical basis, along with submission of an annual consolidated utilisation which will be part of the Company's Annual Report. This will include a rationale for shortfall or surplus of funds.

All expenditure towards the programs should be diligently documented. In case 2% of average net profit of the last 3 years is not spent in a financial year, reasons for the same to be specified in the CSR report.

The surplus from the allocated CSR budget will not be utilised for business or form part of business profits.

All activities will be undertaken in project mode with defined objectives and deliverables, clarity on target beneficiaries, implementation plans with schedule of timeline agreed prior to commencement of activities.

6. GUIDING PRINCIPLES:

The guiding principles for selection, implementation and monitoring as well as for Annual Action Plan are as follows:

A. FOR SELECTION OF ACTIVITIES:

- a. **Eligibility** - Statutory eligibility of implementing agency through which the CSR activities are selected
- b. **Sustainability** - Implementing agency has a track record of 3 years in undertaking similar programs or projects
- c. **Goodwill** – Implementing agency shall have goodwill in performing its activities diligently.
- d. **Law of land** – Implementing agency shall have a good stand in terms of Law of Land

B. FOR IMPLEMENTATION & MONITORING:

- a. **Accountability and Transparency** – Implementing agency shall be accountable for all expenses along with the acknowledgements. Further, there should be transparency in the actions to protect the interest of all the stakeholders.
- b. **Ethical Behaviour** – Management and Implementing agency shall maintain ethical behaviour while implementing and monitoring CSR programs without any corruption.
- c. **No conflict of interest** - There shall not be any conflict of interest in the objectives of employees involved in CSR activities and the implementing agencies. Both of them should work for benefits of the needy.
- d. **Respect for stakeholder’s interest** - While identifying CSR programs, interest of all the stakeholders shall be taken into consideration.

C. FOR ANNUAL ACTION PLAN:

Max Spare shall prepare an Annual Action plan of the Company to identify the activities and the CSR expenditure to be spent during the year which shall include the details as mentioned in the rules.

Further, the guiding principles required to formulate the Annual Action Plan are as follows:

- a. CSR programs shall not include activities as restricted under the amended CSR Rules.
- b. The preference for CSR programs is to be given by Max Spare are to local areas and areas around its operations
- c. The CSR activities may be carried out directly or through implementing agency/ies
- d. Payments to implementing agencies or to vendors should be milestone based
- e. All the guiding principles as required to be followed for implementing and monitoring the CSR Activities shall also be followed while formulating the Annual Action Plan.
- f. Action plan shall be Simple, Action oriented, Measurable, Relevant and Time Bound

During any financial year, the Annual Action Plan of the Company may be modified to include any unbudgeted expenditure, either on account of new project(s) or due to increase in the outlay for approved project(s).

Subject to the provisions of the Act, the Company may also utilize its CSR spend towards creation or acquisition of a capital asset.

7. DISCLOSURES

Regular reporting and disclosure of all CSR and activities will be a mandatory component as per the Act. Established reporting mechanisms will be put in place. Max Spare will also disclose the CSR projects /programmes /activities on the official website (if any) as required under the Act and the rules.

A brief summary of CSR projects/programmes/activities will also be included in the Annual Report in the prescribed format as per the CSR rules of the Act.

8. CONDITIONS AND RESTRICTIONS

The CSR Committee and the Board of Directors shall be governed by the following conditions and restrictions while undertaking any CSR projects/programmes/activities:

- The CSR projects/programmes/activities undertaken by the Company, as per this policy shall exclude activities undertaken in pursuance of its normal business.
- The CSR projects/programmes/activities shall be undertaken in India only except for training of Indian sports personnel outside India who is representing any State or Union Territory at national level or India at international level.
- The CSR projects/programmes/activities that benefit only the employees of the Company and their families, shall not be considered and not qualify as CSR expenditure.
- Contribution of any amount directly or indirectly to any political party under Section 182, shall not be considered and not qualify as CSR expenditure.
- The surplus, if any, arising out of the CSR projects/programmes/activities shall not form part of the business profit of the Company.
- Activities supported by the Company on sponsorship basis for deriving marketing benefits for its products or services shall not form part of CSR expenditure.

- Activities carried out for fulfilment of any other statutory obligations under any law in force in India shall not form part of CSR expenditure.

9. EFFECTIVE DATE

This amended policy shall be effective from 1st July, 2021

10. CONTACT PERSONNEL

For queries related to CSR projects/programmes/activities, please write to us at: Mr. Kalpesh Shah - kalpesh@maxspare.com

11. LIMITATION AND AMENDMENT

The Board of Directors may in their discretion and on recommendation of the CSR committee, make any changes/modifications and/or amendments to this Policy from time to time.

Requirements with respect to quorum, notice of meeting, documentation, etc shall be in conformity with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government, unless expressly stated otherwise.

In the event of any conflict between the provisions of this Policy and the provisions of the Act or any other statutory enactments, rules ('Statutory laws'), the provisions of such statutory laws shall prevail over and automatically apply to this Policy, and the relevant provisions of the Policy would be amended/modified in due course to make it consistent with the law.

End of Policy

**COMPOSITION OF
CORPORATE SOCIAL RESPONSIBILITY AND GOVERNANCE
COMMITTEE
OF
MAX SPARE LIMITED**

Mr. Jagmeet Singh Sabharwal, Chairman of CSR Committee and Managing Director of the Company.

Ms. Sheetal Jagmeet Singh Sabharwal, Member of CSR Committee and Executive Director of the Company.

Ms. Sonal Singh, Member of CSR Committee and Independent Director of the Company.