

Corporate Social Responsibility (CSR) Policy

1. TITLE AND APPLICABILITY

Megasoft Limited (hereinafter referred to as “**Megasoft**”) has developed a Corporate Social Responsibility Policy (hereinafter referred to as “**CSR Policy**”) in alignment with its objective, principles and values, for delineating its responsibility as a socially and environmentally responsible corporate citizen. The Policy lays down the principles and mechanisms for undertaking various programs in accordance with requirements of Section 135 of the Companies Act 2013 (“**Act**”) and Rules thereof, the said CSR policy is enunciated herein.

2. CSR VISION

The core theme of the CSR policy is giving back to the society from which it draws its resources by extending a helping hand. Corporate Social Responsibility is a commitment of business to contribute for sustainable economic development. It is the contribution of the corporate sector for philanthropic cause(s) like education, health, water, environment and community welfare. In alignment with the vision of the Company, through its CSR Policy the activities and initiatives taken up will continue to enhance value creation to the society, through its services and conduct, so as to promote sustainable growth to the society, in fulfillment of its role as a Socially Responsible Corporate, with environmental concern.

3. SCOPE OF CSR ACTIVITIES

Activities which may be undertaken by the Company are:

1. Eradicating hunger, poverty and malnutrition 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 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;
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 art 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 fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, 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;
11. slum area development.

4. CSR Contribution

1. For achieving the CSR objectives of the Company, the Company may allocate, in every financial year, 2% of its average net profits calculated as per the provisions of the Section 198 of the Companies Act, 2013 and Rules thereof for the three (3) immediately preceding financial years as its annual CSR budget.
2. The Annual CSR Budget may be spent on activities laid down in this CSR Policy.
3. CSR expenditure may include all expenditure including contribution to corpus of flagship projects, projects or programs relating to CSR Projects as per CSR policy, but does not include any expenditure on an item not in conformity with the CSR Policy.
4. Any surplus arising out of the CSR Projects shall not form a part of the business profit of the Company.

5. **Board:** All the CSR initiatives of the Company will form part of the Directors' Report pursuant to Section 134(3) of Companies Act, 2013 and Rules thereof.

6. CSR Committee:

- **Composition:** The Corporate Social Responsibility Committee ('CSR Committee') shall consist of three or more Directors amongst whom at least one shall be an Independent Director. The Committee may formulate a CSR Sub-Committee with such other Directors / Executives of the Company from time to time as it may deem necessary and expedient. The Company Secretary shall act as the Secretary to the Committee.
- **Meetings:** The Committee shall hold meetings as and when required, to discuss various issues on implementation of the CSR Policy of the Company. The members would thrive to hold at least two meetings in a financial year. The Committee shall periodically review the implementation of the CSR Programmes and issue necessary directions from time to time to ensure orderly and efficient execution of the CSR programmes in accordance with this Policy. It would be the responsibility of the CSR Committee to periodically keep the Board apprised of the status of the implementation of CSR activities.
- **Role of CSR Committee:**
 - a) To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 (as amended from time to time).
 - b) To recommend the amount of expenditure to be incurred on the activities in a financial year.
 - c) To monitor the Corporate Social Responsibility Policy of the company from time to time.
 - d) Any other matter/thing as may be considered expedient by the Members of the Committee in furtherance of and to comply with the CSR Policy of the Company.
- **RESPONSIBILITIES OF THE BOARD**

The Board shall:

 - Form a CSR Committee and disclose the composition of the CSR Committee.
 - Approve the CSR Policy after taking into account the recommendations made by the CSR Committee.
 - Place the CSR Policy on the Company's website.
 - Ensure implementation of the activities under CSR
 - Ensure expenditure of requisite amount on CSR every year as per law.

- Disclose reasons for not spending the amount (if applicable) in the Annual Report to the Shareholders of the Company.
- Ensure that the administrative overheads are not more than 5% of the total CSR Expenditure. ▪ Ensure that the funds so disbursed have been utilized for the purposes and in the manner as approved by Board / CSR Committee and the Chief Financial Officer shall certify to the effect.
- Approve transfer of unspent CSR Amount in accordance with the law.

In case of any doubt with regard to any provision(s) of the policy, a reference can be made to CSR Committee of Board of Directors. In all such matters, the interpretation & decision of the CSR committee of the Board of Directors shall be final.

7. Monitoring by the Board: The Board of Directors shall constantly monitor the implementation of the CSR activities. The CSR committee shall place a progress report, including details of expenses, before the Board on quarterly basis. The Board shall review the same and suggest recommendation, if any, to the committee with regard to implementation process.

8. Compliance and Reporting to Board: The Committee is responsible to undertake CSR activities as per the approved CSR Policy. Apart from annually reporting to the Board about the implementation of CSR activity, a detail report containing the implementation schedule, total budget allocated, actual expenses incur, surplus arising, if any, result achieved, further work to do in the concern CSR activity, Recommendation for the CSR activities for next year etc. should be placed before the Board for its consideration. Any surplus arising out of the fund allocated for CSR activity shall not be the part of the business profit of the Company.

9. General

- Words and expressions used but not defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013, the CSR Rules made thereunder or in any amendment thereto. This Policy shall also be subject to such clarifications and FAQs as may be issued by MCA from time to time.
- 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 Rules.