



**SONATA SOFTWARE LIMITED**  
**CIN- L72200MH1994PLC082110**  
**CORPORATE SOCIAL RESPONSIBILITY POLICY**

## 1. Preamble

The Company believes that organizations, similar to individuals, depend for their survival, sustenance and growth on the support and goodwill of the communities of which they are an integral part, and must pay back this generosity in all the possible ways.

The Company believes that the true and full measure of growth, success and progress lies beyond financials or conventional economic indices. It is best reflected in the difference that business and industry make to the lives of people.

While the Company strongly believes that its primary obligation or duty as a corporate entity is to its shareholders – it is just as mindful of the fact that this imperative does not exist in isolation; it is part of a much larger compact which the Company has with its entire body of stakeholders; from employees, customers and vendors to business partners, eco-system, local communities, and society at large.

This Policy has been formulated by the Company and adopted by the Board of Directors of the Company on 11<sup>th</sup> August 2014 and this date will be deemed to be the effective date of this Policy and the same is modified on 4<sup>th</sup> August 2021.

## 2. Definitions:

**“Company”** means Sonata Software Limited.

**“Act”** means The Companies Act, 2013 and includes Companies (Corporate Social Responsibility Policy) Rules, 2014 (**CSR Rules**) including statutory modifications, re-enactment thereof.

**“Board”** means the Board of Directors of the Company.

**“Corporate Social Responsibility (CSR)”** means the activities undertaken by the Company in pursuance of its statutory obligation laid down in Section 135 of the Act in accordance with the provisions contained in Companies (Corporate Social Responsibility Policy) Rules, 2014, including any amendments and modifications thereof.

**“CSR Committee”** means the Corporate Social Responsibility committee constituted under section 135(1) of the Act.

**“Net Profit/Profit”** refers to the average net profits of the Company, calculated in the manner as provided under the Act.

**“Ongoing Project”** means a multi-year project undertaken by a Company in fulfilment of its CSR obligation having timelines not exceeding 3 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 one year by the board based on reasonable justification.

### **3. Applicability:**

As per Section 135(1), of the Act, CSR is mandatory if the Company fulfills any of the below criteria during the immediately preceding financial year.

- Companies having net worth of Rs. 500 crores or more; or
- Companies having turnover of Rs. 1,000 crores or more; or
- Companies having a net profit of Rs. 5 crores or more

However, if for three consecutive financial years the Company ceases to be within criteria, then the Company need not:

- (a) Constitute a CSR Committee
- (b) Comply with the provisions of Section 135

until it meets the aforesaid criteria again.

### **4. CSR Vision statement:**

In alignment with vision of the Company, through its CSR initiatives, the Company shall endeavor to enhance value creation in the society and in the community in which it operates, through its services, conduct and initiatives, so as to promote sustained growth in the society and community around it along with environmental concern. The objective of this policy is to operate its business in an economically, socially and environmentally sustainable manner, while recognizing the interests of all its stakeholders and other objectives of the Company.

Further, the Company shall take up those programmes directly or indirectly, that benefit the community and society at large, over a period of time, in enhancing the quality of life and economic well-being of the local populace.

### **5. Focus areas:**

Pursuant to the requirements of the Act, the Company upon other activities, focuses on:

- a. Gender equality and Education
- b. Women Empowerment
- c. Arts, Heritage and Culture
- d. Healthcare
- e. Such other areas/activities

### **6. Modes of implementation:**

<b>Sl. No.</b>	<b>Focus Areas</b>	<b>Mode of implementation</b>
1.	Gender equality and education	Work with various Non-Governmental Agencies (NGOs) and directly wherever possible to improve the quality of education and access opportunities, for socio-economic vulnerable children.

2.	Women empowerment	Work with various Non-Governmental Agencies (NGOs) either directly or indirectly to empower women through skills training and capacity building, promote livelihoods for women and ensuring education of children.
3.	Arts, Heritage and Culture	Work with various Non-Governmental Agencies (NGOs) directly or indirectly to provide technical assistance to artisans, technology platforms for access to market, support heritage sites and museums with technology transformation opportunities and opportunities to help livelihood generation in the areas of art and culture.
4.	Healthcare	Work with various Non-Governmental Agencies (NGOs) directly or indirectly wherever possible for the needy children and people of various disabilities to support them with comprehensive health care and opportunities for livelihood generation through skill development.
5.	Such other areas/activities	Work closely or through any of the implementing agencies for any other activities in compliance with the Act.

**7. Funding and Allocation:**

For achieving its CSR objectives through implementation of meaningful and sustainable CSR programmes, the Company shall allocate at least 2% of its Average Net Profits made during three immediately preceding financial years, as its annual CSR Budget.

The surplus arising out of the CSR activities if any, shall not form part of the business profit of the Company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of this CSR policy and annual action plan of the company or transfer such surplus amount to a Fund specified in Schedule VII of the Act, within a period of six months of the expiry of the financial year and such surplus shall be in addition to the percentage of its profits as allocated by the Company every year for the annual CSR budget.

Where a Company spends an amount in excess of requirement, such excess amount may be set off against the requirement to spend up to immediate succeeding three financial years subject to conditions specified in the Act.

**8. Budget for CSR:**

The annual CSR Budget shall be allocated on the activities/expenditure heads as specified in Schedule VII of the Act (including any modifications thereof), on a year-to-year basis.

Provided that the CSR projects or programmes or activities that benefit only the employees of the Company and their families or any contribution to any political party shall not be considered as a CSR activity in accordance with this policy.

**9. Role of CSR Committee:**

The CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy, which shall include the following, namely:

- (a) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
- (b) the manner of execution of such projects or programmes;
- (c) the modalities of utilization of funds and implementation schedules for the projects or programmes;
- (d) monitoring and reporting mechanism for the projects or programmes; and
- (e) details of need and impact assessment, if any, for the projects undertaken by the company.

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

**10. Boards Responsibility:**

- (i) The Board shall ensure that the CSR activities are undertaken by the Company itself or through any Company/entity as specified under the Act.
- (ii) The Board of Directors shall approve the CSR Policy on recommendation of the CSR Committee.
- (iii) The Board shall ensure that, the:
  - (a) activities included in CSR Policy are the activities as specified in Schedule VII of the Act.
  - (b) activities as included in CSR Policy are undertaken by the Company.
  - (c) funds disbursed have been utilized for the purposes and in the manner approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to that effect.
  - (d) implementation of the ongoing projects be monitored by them with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.
  - (e) website of the Company mandatorily discloses the composition of the CSR Committee, the CSR Policy, the projects approved by them and such other details as required by the Act.
  - (f) the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.

**11. Implementation:**

- ❖ The Company shall implement its CSR activities through any or all of the following ways:
  - programmes undertaken by the Company at various work centers to the best possible extent.
  - its own non-profit foundations/company (incorporated 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) so as to facilitate this initiative.

- company established under Section 8 of the Act or a registered trust or a registered society established by the Central Government or State Government.
  - Section 8 Company incorporated by the Company or Trust, Society registered/promoted by the Company.  
Provided that such specialized company or trust or society, except in case of a company Trust or Society promoted by the Company, shall have a track record of three years in undertaking similar programs or projects.  
Provided further that such specialized company or trust or society shall register itself with the Central Government by filing Form CSR-1 as specified in the Act.
  - the process of collaborating or pooling with other companies for undertaking projects or programmes or CSR activities in such manner that the CSR Committees of respective companies are in a position to report separately on such projects or programmes in accordance with these Rules.
- ❖ The expenditure on CSR projects or activities undertaken through any of the above agencies / modes in India shall in accordance with the Act and the Rules made thereunder be regarded as CSR Expenditure under this Policy.

**12. Monitoring and Feedback:**

- ❖ To ensure effective implementation of the CSR programmes undertaken at each work Centre, a monitoring mechanism will be put in place by the CSR Committee. The progress of CSR programmes under implementation would be reported to the corporate office on a monthly basis.
- ❖ The CSR Committee at the corporate office will conduct impact studies on a periodic basis, on the proper functioning of the implemented CSR programmes along with the impact assessment as per the Act, if applicable.
- ❖ Appropriate documentation of the Company's CSR Policy, annual CSR activities, executing partners, and expenditure entailed will be undertaken on a regular basis and the same will be available on the website for public reference.

**13. Disclosures:**

- ❖ All disclosures and reporting requirements related to CSR shall be made in accordance with the provisions of the Act, Rules and laws as may be applicable.

**14. Amendment:**

Any change in the Policy shall be approved by the Board of Directors of the Company. Any subsequent amendment/modification in the Companies Act, 2013 or the Rules framed thereunder or the Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.