



## Corporate Social Responsibility Policy



### **SONATA SOFTWARE LIMITED**

APS Trust Building,  
1/4 Bull Temple Road  
N R Colony, Bangalore 560 019

## **INTRODUCTION**

### **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.

### **2. Definition Clause:**

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

**“Act”** means The Companies Act, 2013 and includes Companies (Corporate Social Responsibility Policy) Rules, 2014 and all other applicable rules and any statutory modifications, re-enactment thereof.

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

**“Corporate Social Responsibility”** means and includes but is not limited to-

- (i) Projects or programs relating to activities specified in Schedule VII to the Act; or
- (ii) Projects or programs relating to activities undertaken by the Board in pursuance of the recommendations of the CSR Committee, as per the declared CSR policy of the Companies.

**“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.

### **3. Applicability:**

As per Section 135(1), of the Act, CSR is mandated if the Company fulfills any of the below criteria in a financial year, then the Company need to comply with Section 135 and the Rules made there under.

- Companies having net worth of Rs. 500 crores or more or
- Companies having turnover of Rs. 1000 crores or more or

- Companies having a Net profit of Rs. 5 crores or more

However, if for three consecutive financial years it ceases to comply with the criteria, then the Company shall not:

- (a) Constitute a CSR Committee
- (b) Comply with the provisions of Section 135 (2) to (5)

Until it meets the aforesaid criteria again

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

In alignment with vision of the Company, through its CSR initiatives the Company, will enhance value creation in the society and in the community in which it operates, through its services, conduct & 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 & environmentally sustainable manner, while recognizing the interests of all its stakeholders and other objects of the Company.

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

### **RESOURCES**

#### **5. Funding and Allocation:**

For achieving its CSR objectives through implementation of meaningful & sustainable CSR programmes, the Company shall allocate 2% of its Profit, as its annual CSR Budget.

The surplus arising out of the CSR activities if any, shall be reinvested into CSR initiative only, and shall not form the part of business profit. And such surplus shall be in addition to the 2% of its profits as allocated by the Company every year for the annual CSR budget.

#### **6. Budget for CSR**

From the annual CSR Budget shall be allocated on the following expenditure heads, on a year to year basis:

- (i) eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water;
- (ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- (iii) 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;

- (iv) 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;
- (v) 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;
- (vi) measures for the benefit of armed forces veterans, war widows and their dependents;
- (vii) training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;
- (viii) contribution to the Prime Minister's National Relief 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;
- (ix) contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- (x) rural development projects.

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 activities in accordance with this policy.

### **ROLE OF THE BOARD**

#### **7. Boards Responsibility:**

The Board of Directors is required to approve the CSR Policy after considering recommendations of CSR Committee.

The Board shall make sure that, the;

- (i) activities included in CSR Policy are related to activities included in Schedule VII of the Act.
- (ii) activities as included in CSR Policy are undertaken by the Company.

#### **8. Disclosures in Board's Report:**

The Board's Report shall disclose;

- (i) the Composition of CSR Committee and their functioning.
- (ii) the CSR Policy as approved by the Board.
- (iii) that if a Company fails to spend 2% of average net profits, it shall state the reason for the same.

- (iv) the annual report on CSR activities to be annexed to Board Report (As provided in Annexure I of this policy).

## **IMPLEMENTATION**

### **9. General points;**

- ❖ The Company can implement its CSR activities through:
  - 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) so as to facilitate this initiative.
  - a registered trust or a society/agency;  
Provided that such specialized trust or society/agency; shall have a track record of three years in undertaking similar programs or projects;
  - 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 CSR programmes or activities undertaken in India only shall amount to CSR Expenditure  
Provided that, the Company has specified the project or programs to be undertaken through these entities, the modalities of utilization of funds on such projects and programs and the monitoring and reporting mechanism.

## **MONITORING AND FEEDBACK**

### **10. Effective steps to be implemented:**

- ❖ 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.
- ❖ Appropriate documentation of the Companies CSR Policy, annual CSR activities, executing partners, and expenditure entailed will be undertaken on a regular basis and the same will be available in the website for public reference.
- ❖ Save as provided in clause (3.2) of this Policy, the CSR policy and their progress will also be reported in the yearly Annual Report and Board report of the Company.

- ❖ CSR Committee shall give a responsibility statement that implementation and monitoring of the CSR Policy is in compliance with CSR objectives and policy of the Company.

## ANNEXURE I

### **FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN BOARD'S REPORT**

1. A brief outline of the Company's CSR Policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR Policy and projects and programmes.
2. The Composition of the CSR Committee.
3. Average net profits of the Company for the last three financial years
4. Prescribed CSR Expenditure (two per cent. Of the amount as in item 3 above)
5. Details of CSR spent during the financial year.
  - a) Total amount to be spent for the financial year.
  - b) Amount unspent, if any;
  - c) Manner in which the amount spent during the financial year is detailed below

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	CSR Project or activity identified	Sector in which the project is covered	Projects or programs  (1)Local area or other  (2)Specify the state and district where projects or programs was undertaken	Amount outlay (budget ) project or programs wise	Amount spent on the projects or programs  <b>Sub Heads:</b> (1) Direct expenditure on projects or programs.  (2) Overheads	Cumulative expenditure upto the reporting period .	Amount spent: Direct or through implementing agency

1							
2							
3							
	<b>TOTAL</b>						

6. In case the Company has failed to spend the two per cent. of the average net profits of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.
7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

Sd/- (Chief Executive Officer or Managing Director or Director)	Sd/- (Chairman CSR Committee)	Sd/- (Person specified under clause (d) of sub-section (1) of section 380 of the Act)  (wherever applicable)
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