

SHALBY[®]

MULTI-SPECIALTY

HOSPITALS

Corporate Social Responsibility (CSR) Policy

REGISTERED OFFICE

Shalby Limited

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Near Prahlad Nagar Garden
Ahmedabad – 380 015
Gujarat, India

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1. CSR POLICY & PHILOSOPHY

Corporate Social Responsibility is a Company's sense of responsibility towards the community and environment in which it operates. It is the continuing commitment by business to behave ethically and contribute to economic development of the Society at large and building capacity for sustainable livelihoods.

The Company believes in conducting its business responsibility, fairly and in most transparent manner. It continuously seeks ways to bring about an overall positive impact on the society and environment where it operates and as a part of its social objectives. Shalby has been making consistent efforts over the years towards economic and social upliftment of the marginalized sections of society. We firmly believe that to succeed, an organization must maintain highest standards of corporate behavior towards its investors, stakeholders, employees and societies in which it operates.

Though this policy has been formally formulated and adopted in terms of Section 135 of the Companies Act, 2013, and the CSR Rules to undertake CSR Activities, the Company right from its inception, has made consistent efforts to maintain an active corporate social responsibility portfolio.

Constitution of a Corporate Social Responsibility Committee of the Board and formulation of a Corporate Social Responsibility Policy has become mandatory under the Companies Act, 2013. Accordingly, our Company has formulated this CSR Policy which encompasses its philosophy and guides its sustained efforts for undertaking and supporting socially useful programs.

2. CSR VISION

Improve quality of life for all our communities through integrated and sustainable development in every possible way.

- Improving the health and hygiene of the socially or economically weaker sections, families by providing free or subsidized consultation, medicine, clinical laboratory facilities, free or concessional treatments at hospitals, provide first aid kit, organizing medical and diagnostic camps etc.
- Ensure an increased commitment at all levels in the organization, by encouraging employees to participate in the Company's CSR and give back to society in an organized manner the employee volunteering programme.
- Set high standards of quality in the delivery of services in the social sector by creating robust processes and replicable models.

3. DEFINITIONS

In this Policy, unless the context otherwise requires;

- **“Act”** means The Companies Act, 2013, and/or statutory modification thereof and ‘Section’ shall mean the section of the said Act.
- **“Administrative overheads”** means the expenses incurred by the company for ‘general management and administration’ of Corporate Social Responsibility functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme;
- **“Areas of Interest”** means the areas of interest as identified by The Company for implementing CSR goals and shall include the areas specified in this CSR Policy and shall include all CSR Activities as defined under the Act and CSR Rules from time to time.
- **“Company and /or The Company”** means Shalby Limited
- **“Corporate Social Responsibility”** (CSR) means the activities undertaken by a Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in these rules, but shall not include the following, namely:-

i) Activities undertaken in pursuance of normal course of business of the company:

Provided that any company engaged in research and development activity of new vaccine, drugs and medical devices in their normal course of business may undertake research and development activity of new vaccine, drugs and medical devices related to COVID-19 for financial years 2020-21, 2021-22, 2022-23 subject to the conditions that-

- (a) such research and development activities shall be carried out in collaboration with any of the institutes or organizations mentioned in item (ix) of Schedule VII to the Act;
 - (b) details of such activity shall be disclosed separately in the Annual report on CSR included in the Board’s Report;
- ii) 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;
- iii) contribution of any amount directly or indirectly to any political party under section 182 of the Act;
- iv) activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);

- v) activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;
- vi) activities carried out for fulfilment of any other statutory obligations under any law in force in India;
- **“CSR Policy”** means a statement containing the approach and direction given by the board of a company, taking into account the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan;
 - **“CSR Committee”** means Corporate Social Responsibility Committee of the Board referred to in Section 135 of the Companies Act, 2013.
 - **“CSR Rules”** means The Companies (Corporate Social Responsibility) Rules, 2014, as amended and modified from time to time.
 - **“Funding”** shall mean the disbursements that are to be made to an Organization pursuant to this CSR Policy, and in accordance with the Act and Rules.
 - **“International Organization”** means an organization notified by the Central Government as an international organization under section 3 of the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947), to which the provisions of the Schedule to the said Act apply;
 - **"Net profit"** means the net profit of a company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely: -
 - (a) any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and
 - (b) any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act:

Provided that in case of a foreign company covered under these rules, net profit means the net profit of such company as per profit and loss account prepared in terms of clause (a) of sub-section (1) of section 381, read with section 198 of the Act;
 - **“Ongoing Project”** means a multi-year project undertaken by a Company in fulfilment of its CSR obligation having timelines not exceeding three 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;
 - **“Public Authority”** means ‘Public Authority’ as defined in clause (h) of section 2 of the Right to Information Act, 2005 (22 of 2005);
 - **“Net-worth means”** an aggregate value of the paid-up capital and all reserves created out of the net profits and securities premium account minus the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written-off.

Following is excluded from computations of net worth:

- (a) Reserve created out of revaluation of assets;
- (b) Reserves out of write back of depreciation;
- (c) Reserve created out of amalgamation. (Section 2(57) of the Act)

- **“Turnover”** means an aggregate value of realization of amount made from the sale, supply or distribution of goods or on account of service rendered or both, by the company during the financial year.

4. CONSTITUTION, COMPOSITION AND SCOPE OF CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In terms of section 135 of the Companies Act, 2013 and the Rules made thereunder, Board of Directors of the Company at its meeting held on 28th March, 2014 has constituted a CSR Committee and reconstituted on 20th December, 2016, 7th May 2018 and on 11th November 2019. The following is the composition of the Committee w.e.f. 11th November 2019;

	Name	Status	Designation
1	Mrs. Sujana Shah	Independent Director	Chairman
2	Mr. Umesh Menon	Independent Director	Member
3	Mr. Shyamal Joshi	Non-Executive Director	Member

Constitution and composition of the CSR Committee:

The CSR committee consist of 3 Members of the Board all of which are Independent Directors and the members of the Committee shall elect one of them as the Chairman of the Committee.

The CSR Committee shall recommend to the Board the amount of expenditure to be incurred by the Company on CSR activities and the Board will ensure that the activities as are included in the CSR Policy are undertaken by the Company subject to and in accordance with the provisions of section 135 of the Companies Act, 2013.

Quorum of the CSR Committee:

The quorum for a meeting of the Committee on CSR shall be one-third of its total strength (any fraction contained in that one-third being rounded off as one), or two members, whichever is higher.

Invitees to the CSR Committee:

The CSR Committee may, at its discretion, invite employees of The Company from time to time to participate in the meetings of the CSR Committee and assist the CSR Committee in the implementation of the CSR Policy.

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 as specified in sub- rule (1) of rule 4;
- c. the modalities of utilisation 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:

Provided that 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.

Meeting & decision of the CSR Committees:

- a. The CSR Committee shall meet as frequently as it determines necessary but at least once annually.
- b. The CSR Committee shall maintain minutes of each of its meetings.
- c. The CSR Committee shall review proposed projects and make recommendations to the Board for approval of such projects and allocation of Funding in accordance with the Act.
- d. The final decision with regards to the acceptance or rejection of a CSR Proposal shall be with the Board.

CSR Budget:

CSR Committee will recommend the annual budgeted expenditure project wise to the Board for its consideration and approval.

Sitting Fees:

The Sitting Fees for attending the meeting shall be determined by the Board of Directors.

5. THRUST AREAS

The CSR activities we pursue will be in line with our stated Vision and Mission, focused not just around our hospitals and offices, but also in other geographies based on the needs of the communities \ societies.

The **major focus areas** where special Community Development programs would be run are:

- Promoting Health care including Preventive Health care through awareness programs, health check-ups, free or concessional Medical Camps, provision of

medicine & treatment facilities, providing pre natal & post natal healthcare facilities, prevention of female foeticide through awareness creation, program for preventing diseases and building immunity.

- Healthcare we aspire to deliver facilities to communities and other sections of the society in the form of primary health care support through diagnosis and treatments, promoting preventive healthcare, building awareness about sanitation and medical camps, creating awareness through various programs, etc.
- The company may undertake projects or programs or activities aimed at improving the health and hygiene of the socially or economically weaker sections, families in the below poverty line (BPL) by providing free or subsidized medicine, clinical laboratory facilities, free or concessional treatments at hospitals, setting up of medical and diagnostic camps, projects or programs aimed at eradicating poverty or malnutrition of women and children, pain and palliative care etc.
- Employment enhancing vocational skill development programme and promoting education
- Company may undertake projects or programs or activities for the protection of elderly citizens by establishing, funding or otherwise supporting old age homes and day care facilities including medical aid and incidental or ancillary activities thereto.

6. IMPLEMENTATION

This CSR Policy will be implemented from the succeeding year of a Financial Year in which the Company shows the net profits as per its audited annual financial statements. Based on the net profits, if any, every year, the CSR Committee will identify the CSR activities including the thrust areas, annual budget, planned expenditure and implementation schedule etc.

The CSR activities will be carried out directly or indirectly at the corporate office, in and around the areas of the projects of the Company, Subsidiaries and Associates. However, this shall not bar the Company from pursuing its CSR activities in any other areas. The CSR activities will be carried out / implemented, directly or indirectly, through Trust / Society / Section 8 Companies / Agencies established / registered to carry on the CSR activities as defined under the Rules.

7. ANNUAL ACTION PLAN

The Corporate Social Responsibility Committee of the Company shall be responsible for formulating and recommending to the Board the CSR policy and a CSR Annual Action Plan, provided that the Board may alter such plan at any time during the Financial Year, as per the recommendation of CSR Committee, based on reasonable justification to that effect.

The CSR Annual Action Plan shall include the following:

- a) The list of CSR projects or programs 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 programs,
- c) The modalities of utilization of funds and implementation schedules for the projects or programs
- d) Monitoring and reporting mechanism for the projects or programs and
- e) Details of need and impact assessment, if any, for the projects undertaken by the Company.

8. CSR EXPENDITURE:

- 1 The board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.
- 2 Any surplus arising out of the CSR activities shall not form part of the business profit of a company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.
- 3 Where a company spends an amount in excess of requirement provided under sub-section (5) of section 135 , such excess amount may be set off against the requirement to spend under sub-section (5) of section 135 up to immediate succeeding three 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, in pursuance of sub-rule (2) of this rule.
 - ii. the Board of the company shall pass a resolution to that effect.
- 4 The CSR amount may be spent by a company for creation or acquisition of a capital asset, which shall be held by –
 - a) a company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number under sub-rule (2) of rule 4; or
 - b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
 - c) a public authority:

Provided that any capital asset created by a company prior to the commencement of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, shall within a period of one hundred and eighty days from such commencement comply with the

requirement of this rule, which may be extended by a further period of not more than ninety days with the approval of the Board based on reasonable justification.

9. TRANSFER OF UNSPENT CSR AMOUNT, EXCESS CSR SPENDING AND IMPACT ASSESSMENT

Until a fund is specified in Schedule VII for the purposes of subsection (5) and (6) of section 135 of the Act, the unspent CSR amount, if any, shall be transferred by the company to any fund included in Schedule VII of the Act.

The list of funds at present specified under Schedule VII are as under:

- Prime Minister's National Relief Fund (PMNRF)
- Prime Minister's Central Assistance and Relief in Emergency Situations Fund (PMCARESF)
- Swach Bharat Kosh
- Clean Ganga Fund

Consequence of non-transfer of unspent CSR amount in aforesaid manner:

If the Company is in default in complying with the provisions of sub-section (5) or sub-section (6) of section 135 of the Act, shall be liable to

- To pay **penalty** twice the amount of the fund required to be transferred or Rs. 1 Crore, whichever is less and
- **Every officer** shall liable to pay penalty of one-tenth of the amount required to be transferred or Rs. 2 lacs, whichever is less

Excess CSR Spending, if any, during any financial year

If the Company spends an amount in excess of the requirements provided under section 135(5), the Company may set off such excess amount against the requirement to spend under section 135(5) for a period of three succeeding 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,
- ii. the Board of the Company shall pass a resolution to that effect.

Impact Assessment

Every company having average CSR obligation of ten crore rupees or more in pursuance of subsection (5) of section 135 of the act, in the three immediately preceding financial years, shall undertake impact assessment through an independent agency, of their CSR projects

having outlay of Rs 1 Crore or more. The projects are to be completed not less than one year before undertaking the impact study.

The Company will undertake impact assessment of CSR activities having outlays of ₹ 1 Crore and above as and when required, through an independent agency.

The reports of impact assessment will be placed before the CSR Committee of the Board and will be annexed to the annual report on CSR.

10. EXPENDITURE NOT COVERED OR RECOGNIZED

In terms of the Rules, the following contributions shall not be considered as CSR Expenditure;

- Activities undertaken in pursuance of normal course of business of the company:

Provided that any company engaged in research and development activity of new vaccine, drugs and medical devices in their normal course of business may undertake research and development activity of new vaccine, drugs and medical devices related to COVID-19 for financial years 2020-21, 2021-22, 2022-23 subject to the conditions that-

1. such research and development activities shall be carried out in collaboration with any of the institutes or organizations mentioned in item (ix) of Schedule VII to the Act;
 2. details of such activity shall be disclosed separately in the Annual report on CSR included in the Board's Report;
- 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;
 - Contributions of any amount, whether directly or indirectly, to any political party or any person associated with a political party.
 - Amount spent, whether directly or indirectly, for the benefit of employees of the Company, its Subsidiaries and Associates and their families.
 - Expenses incurred by the Company for the fulfillment of obligations any act / statute of regulations (such as labour laws, land acquisition act etc.)
 - Expenses incurred by the Company for one off events such as marathons / awards / charitable contribution / advertisement / sponsorships of TV programs etc.
 - Other contributions / expenses not recognized under the Act / Rules as amended or modified, from time to time.

11. FUNDING AND ALLOCATION

Following is the mode of funding and allocation of area wise planned expenditure for the CSR activities.

- The Company shall, in every financial year, contribute a statutory minimum limit of at least 2% of its Net Profits for the CSR Expenditure.
- In the absence of Net Profits in any financial year, the Company may spend such feasible amount as it may decide.
- The CSR Committee shall prepare its annual planned expenditure, for a financial year, for the CSR activities including the thrust areas and manner of implementation etc., and submit the same for approval of the Board in the following format.
- The Company shall endeavor to spend the entire amount of statutory minimum contribution limit in a financial year. In the event, the Company is unable to spend such amount in any given financial year, the Board shall specify the reasons for the same in its report to the shareholders in terms of Section 134(3)(o) of the Act.
- The Company has an option to carry forward such un-spent money to next year by depositing it in a separate CSR Fund (Corpus) created by the company or to contribution to the corpus of a Trust / Society / Section 8 Companies etc., as long as they are created exclusively for undertaking CSR activities.

1. Inserted new object vide approval of Board of Directors in their meeting held 27.03.2015 and CSR committee meeting held on 18.02.2015.

Sr.	CSR Activities / Thrust Areas	Schedule of implementation	Annual Budget	% of allocation
1	<p>Promoting Health care including Preventive Health care through awareness programmes, health check-ups, free or concessional Medical Camps, provision of medicine & treatment facilities, providing pre natal & post natal healthcare facilities, prevention of female foeticide through awareness creation, program for preventing diseases and building immunity.</p> <p>Healthcare we aspire to deliver facilities to communities and other sections of the society in the form of primary health care support through diagnosis and treatments, promoting preventive healthcare, building awareness about sanitation and medical camps, creating awareness through various programs, etc.</p>			

2	The company may undertake projects or programs or activities aimed at improving the health and hygiene of the socially or economically weaker sections, families in the below poverty line (BPL) by providing free or subsidized medicine, clinical laboratory facilities, free or concessional treatments at hospitals, setting up of medical and diagnostic camps, projects or programs aimed at eradicating poverty or malnutrition of women and children, pain and palliative care etc			
3	Employment enhancing vocational skill development programme and promoting education			

12. MONITORING MECHANISM

The CSR Officer of the Company will coordinate / review the implementation of CSR activities at various areas and report to the Board through the CSR Committee. The CSR Committee shall meet at least once in a year to monitor the implementation of CSR Plan and its activities. The Committee shall ensure that the CSR Policy, as amended from time to time, is displayed on the company's website.

The CSR Committee shall place before the Board, a draft annual report on CSR activities as per the specified format, at the board meeting in which Annual Audited financial results are considered for Board's review and finalization. The Board shall include in its report to the shareholders, the annual report on CSR activities as per the format specified under the Rules.

The Company Secretary of the Company shall assist the CSR Committee and the Board for performing their respective duties under the CSR Policy, any changes by the Government in the regulations governing the CSR activities.

13. REPORTING MECHANISM

Website Disclosure.

The Board of Directors of the Company shall mandatorily disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on their website, if any, for public access.

Reporting in Annual Report

The Company shall publish its annual report on CSR Activities in its Directors Report in the

manner prescribed under the Companies Act 2013.

Periodic reporting on the CSR activities, execution modalities, implementation schedules etc., to the CSR Committee shall be in the following format which may be amended by the CSR Committee from time to time.

Sr	Company Initiative	Schedule VII Activity	Execution details	Budget (Rs)	Amount Spent (Rs)	Remarks

14. COMPLIANCE REQUIREMENTS

1) CSR -1

Form CSR-1 is a form for registering entities to get CSR funding from the corporates and undertake CSR activities.

2) CSR-2

The newly introduced form CSR-2 (report on Corporate Social Responsibility) is required to be filed by those entities which fall under the provisions of Section 135 of the Companies Act, 2013, i.e., the companies which are required to comply with the provisions of Corporate Social Responsibility (CSR).

i. F.Y.2020-21: separately on or before 31st March, 2022

ii.F.Y.2021-22 onwards: as an addendum to form AOC-4 (due date of AOC-4)

15. UPDATE

CSR committee of the Board will review the policy from time to time based on the changing needs and aspirations of the target beneficiaries and make suitable modification as may be necessary. Our Corporate Social Responsibility policy conforms to section 135 of the Companies Act, 2013 on corporate Social Responsibility as spelt out by the Ministry of Corporate Affairs, Government of India.

16. EFFECTIVE DATE AND APPROVAL OF THE POLICY

The aforesaid CSR policy has been approved by the CSR committee and Board of Directors which shall be effective from May 25, 2022.

Footnote

1. The Board of Directors of Shalby Limited at its meeting held on June 30, 2014 has adopted this Policy first time w.e.f. April 1, 2014.
2. The Board of Directors of Shalby Limited at its meeting held on May 7, 2018 has reconstituted the CSR Committee due to resignation of Dr. Darshini Shah w.e.f. May 7, 2018.
3. The Board of Directors of Shalby Limited at its meeting held on November 11, 2019 has appointed Mrs. Sujana Shah as a Chairperson in place of Mr. Umesh Menon w.e.f. November 11, 2019.
4. The Board of Directors of Shalby Limited at its meeting held on May 25, 2022 has amended this policy w.e.f May 25, 2022.