

**CORPORATE SOCIAL
RESPONSIBILITY
POLICY (CSR)
OF
DMICDC LIMITED**

INDEX

| S. No. | Particulars | Page No. |
|--------|--|----------|
| 1. | Preamble | 1 |
| 2. | Definitions | |
| 3. | Objective and CSR Vision | |
| 4. | Scope of CSR Activities | 2 |
| 5. | CSR Committee | 3 |
| 6. | Responsibility of CSR Committee | |
| 7. | Responsibility of Board of Directors | |
| 8. | Annual spends/ Allocation of Funds | 4 |
| 9. | Administration/ Implementation of CSR Projects | |
| 10. | Monitoring & Reporting of CSR Activities | |
| 11. | Conclusion | 5 |

1. **Preamble:**

DMICDC envisions to act in a socially responsible manner to contribute to the socioeconomic development of the communities we operate in, by building stronger, developed sustainable communities & raise the quality of life of people of the Country.

2. **Definitions:**

In this Policy unless the context otherwise requires:

- a) "**Act**" means the Companies Act, 2013;
- b) "**Corporate Social Responsibility (CSR)**" means and includes but is not limited to
 - i. Projects or programs relating to activities areas or subjects specified in Schedule VII to the Act; or
 - ii. Projects or programs relating to activities undertaken by the Board of Directors of a Company (Board) in pursuance of recommendations of the CSR Committee of the Board as per declared CSR Policy of the Company subject to the condition that such policy will include activities, areas or subjects specified in Schedule VII of the Act.
- c) "**CSR Committee**" means the Corporate Social Responsibility Committee of the Board referred to in Section 135 of the Act;
- d) "**CSR Policy**" means this policy for undertaking CSR activities as specified in Schedule VII to the Act excluding activities undertaken in pursuance of normal course of business of a Company;
- e) "**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 :-
 - i. Any profit arising from any overseas branch or branches of the company' whether operated as a separate company or otherwise;
 - ii. Any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act:

Words and expressions used and not defined in these rules but defined in the Act shall have the same meanings respectively assigned to them in the Act.

3. **Objective and CSR Vision:**

This Policy shall be read in line with Section 135 of the Companies Act 2013, Companies (Corporate Social Responsibility Policy) Rules, 2014 and such other rules, circulars, and notifications (collectively referred hereinafter as 'Regulations') as may be applicable and as amended from time to time and will, inter-alia, provide for the following:

- Establishing a guideline for compliance with the provisions of Regulations to dedicate a percentage of Company's profits for social projects;
- Ensuring the implementation of CSR initiatives in letter and spirit through appropriate procedures and reporting; and
- Creating opportunities for employees to participate in socially responsible initiatives.

4. Scope of CSR Activities:

The Policy recognizes that corporate social responsibility is not merely compliance, it is a commitment to support initiatives that benefit community at large by one or more of the following focus areas as specified in schedule VII of the Act:

- i. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of 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 including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;
- 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 art 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 govt. for socio economic development and relief and welfare of the schedule caste, 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 govt;
- x. rural development projects; and
- xi. slum area development.

5. **CSR Committee:**

The CSR Committee will consist of at least 3 Directors out of which at least one shall be Independent Director, who shall meet as and when required to discuss and review the CSR activities and policy. The quorum of CSR Committee will be two members present in the meeting.

6. **Responsibility of CSR Committee:**

- formulate and recommend to the Board, a CSR Policy in the areas or subjects specified in Schedule VII;
- monitor the Policy from time to time and recommend changes to the Board;
- recommend the amount of expenditure to be incurred on CSR projects/ activities; and
- Constitute a transparent monitoring mechanism for ensuring effective and efficient implementation of the CSR projects.

7. **Responsibility of Board of Directors:**

- Approving the CSR Policy as formulated by the CSR Committee, subject to necessary changes/modifications as the Board may deem fit;
- Ensuring that in each financial year, the Company spends at least 2% of the average net profit* of the Company made during the three immediately preceding financial years in accordance with the provisions of section 135 of the Companies Act, 2013 and the Rules made thereunder;

***Average Net Profit** shall be calculated in accordance with provisions of Section 198 of the Companies Act, 2013 and rules made thereunder.

- Ensuring that every financial year, funds committed by the Company for CSR activities are utilized effectively;
- Ensuring that activities included by Company in its CSR policy are related to the areas or subjects specified in schedule VII of the Act;
- Ensuring that the preference shall be given to the local area around its operations for spending the amount earmarked for CSR projects.
- Disclosing in its Annual Return the names of CSR Committee members, the content of CSR Policy and ensure annual reporting of its CSR activities on the Company's website.
- In case the Company fails to spend the above targeted amount in that particular financial year, the Committee shall submit a report in writing to the Board of Directors specifying the reasons for not spending the amount which in turn shall be reported by the Board of Directors in their Board Report for that particular financial year.

8. **Annual spends/Allocation of Funds :**

- a. The Company would spend not less than 2% of the Average Net Profits of the Company made during the three immediately preceding financial years. The surplus arising out of the CSR activity will not be part of business profits of the Company. The Corpus would thus include the 2% of average net profits, as aforesaid, any income arising there from and surplus arising out of CSR activities.
- b. However, if the Company ceases to be covered under sub-section (1) of Section 135 of the Act for three financial years, then it shall not be required to, comply with the provisions laid down under sub-section (2) to (5) of the said Section, till such time it meets the criteria specified in sub-section (1) of the Act.

9. **Administration/Implementation of CSR Projects**

The investment in CSR should be project based and for every project time framed periodic mile stones should be finalized at the outset. The Board may decide to undertake its CSR activities approved by the CSR Committee, through:

- a. a company established under section 8 of the Act or a registered trust or a registered society, established by the company, either singly or alongwith any other company; or
- b. 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
- c. through a third party such as society, trust and section 8 Company which has an established track record of three years in undertaking similar programme or project and the company has specified the projects or programs to be undertaken, the modalities of utilisation of funds of such projects and programs and the monitoring and reporting mechanism.

10. **Monitoring & Reporting of CSR Activities**

- a. To ensure effective implementation of the CSR programmes undertaken at each work centre, a monitoring mechanism will be put in place by the work centre head;
- b. The report on progress on the CSR programme undertaken by the Company will be put forward to the CSR Committee with full details of cost incurred and result achieved on a regular basis;
- c. Work centres will try to obtain feedback from beneficiaries about the programs implemented at the area;
- d. Appropriate documentation of the Company's CSR activities, executing partners, and expenditure entailed will be undertaken on a regular basis;

- e. CSR initiatives of the Company will be reported in the Annual Report of the Company & the Board's Report in compliance with Section 135 and rules made thereunder; and
- f. Company will establish an accounting system to ensure proper accounting of CSR spends.

11. **Conclusion:**

The Board of Directors on the recommendation of CSR committee can amend its policy as and when required deemed fit. Any or all provisions of CSR Policy would be subjected to revision/amendment in accordance with the regulations on the subject as may be issued from relevant statutory authorities, from time to time.

In case of any doubt with regard to any provision of the policy and also in respect of matters not covered herein, a reference to be made to CSR Committee. In all such matters, the interpretation & decision of the Committee shall be final.