



Corporate Social Responsibility (CSR) Policy

Preface

CSR is no more a social responsibility but a mandatory legal responsibility as the same is enshrined in section 135 of the Companies Act, 2013 read with CSR Rules, and Schedule VII of the Companies Act.

Though the company has been discharging their social responsibility, even prior to the stipulation of mandatory CSR under Companies Act in the form of contributing to the charitable institutions and / or investing in renewable energy projects from April 2014 onwards, the Act specifically lists out areas where the eligible company is required to discharge their responsibility.

Commencement

The policy is applicable with effect from financial year 2014-15 since the relevant provisions under the Companies Act have been brought into effect from 01.04.2014.

Legal Provision

- ✓ Section 135 of the Companies Act, 2013 mandates the need for every company having networth of Rs.500 crore or more or turnover of Rs.1000 crore or more or net profit of Rs.5 crore or more {net profit computed as per section 198 of the Companies Act, 2013} during the immediately preceding financial year to have a CSR Committee of the Board comprising of minimum 3 Directors of which 1 to be an Independent Director.
- ✓ As per the above criteria, CSR is mandatorily applicable to the company.
- ✓ The element of compulsory spending on CSR in every financial year is 2% of the average net profit of the company during the three immediately preceding financial years. The average net profit is required to be calculated as per the methodology laid down as per section 198 of the Companies Act, 2013.
- ✓ The CSR Committee is required to **lay down the policy and monitor implementation thereof.** The CSR Committee is required to
 - a) Formulate and recommend to the board a CSR policy which shall indicate the activities to be undertaken by the company in areas or subject, as specified in Schedule VII
 - b) Recommend the amount of expenditure to be incurred on the activities referred to in clause (a) and
 - c) Monitor the CSR policy of the company from time to time.
- ✓ Section 135 also stipulates that in the event the company not able to or fails to spend the amount mandatorily required to be expended under CSR, the Board in its report has to state the reasons thereof.



- ✓ Based on the recommendations of the CSR Committee, the Board to approve the said policy, disclose contents of the policy in its report, place it on company's website and ensure activities included in the policy is undertaken by the company.
- ✓ CSR Policy as per Rule 2(1)(e) of CSR Rules defines it as activities as specified in Schedule VII to the Act and expenditure thereon, **excluding the activities undertaken in pursuance of normal course of business of the company**. Hence if the company has identified say wind power division as a business activity then the said activity cannot be counted for compliance of CSR.

Schedule VII has prescribed specific activities on which the responsibility to be discharged

- (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, [Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows-if notified by the government];
- (vii) training to promote rural sports, nationally recognised sports, paralympic sports and olympic sports
- (viii) contribution to the prime minister's national relief fund ⁸[or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES 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) Contribution to incubators funded by Central Government or State Government or any agency or Public Sector Undertaking of Central Government or State Government, and contributions to public funded Universities, Indian Institute of Technology (IITs), National Laboratories and Autonomous Bodies (established under the auspices of Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR), Council of Scientific and Industrial Research (CSIR), Department of Atomic Energy (DAE), Defence Research and Development Organisation (DRDO), ⁷[Department of Biotechnology (DBT)], Department of Science and Technology (DST), Ministry of Electronics and Information Technology) engaged in conducting

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CSR Policy**



research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).]

(x) rural development projects

(xi) slum area development.

Explanation.- For the purposes of this item, the term `slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.]

(xii) disaster management, including relief, rehabilitation and reconstruction activities.

- ✓ Rule 4(2) of CSR Rules permits the CSR activities approved by the Committee to be undertaken through a Registered Trust or Society or a Company formed with charitable objects. It also permits such trust or society to be established by the company, its holding company or associate. The Rule further states that if such Trusts, Society or Company is not established as above by the company or its holding, subsidiary or associate company, it shall have established track record of three years in undertaking similar programmes or projects.
- ✓ **Exclusions** – Rule 4 of CSR Rules excludes projects or activities that benefit only the employees of the company or their families. Also contribution to any political party shall also be not considered as CSR activity. Further CSR activity ought not to include expenditure outside India.
- ✓ CSR Rules permits companies to collaborate with other companies for undertaking projects or programmes 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 the rules.
- ✓ Rule 8 of the CSR Rules warrants the **inclusion in the Annual Report** of the Board of Directors in the prescribed format providing
 - ⌚ A brief outline of the CSR Policy
 - ⌚ Overview of the Projects
 - ⌚ Composition of the Committee
 - ⌚ Average Net Profits of the company for the last three financial years
 - ⌚ The prescribed CSR expenditure
 - ⌚ Details of amount spent on CSR
- ✓ Section 135 requires the Auditors to express a statement in the matter of compliance with CSR provisions by the company.



Reporting

The format prescribed in the Rules for reporting is as below

Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programmes – local area or other ; state and districts where the project or programmes undertaken	Amount outlay for the project	Amount spent on the projects – direct expenditure – overheads	Cumulative expenditure up to the reporting period	Amount spent direct or through implementing agency

Sd/-

Sd/-

Sd/-

Whole-Time /Managing Director

Chairman CSR Committee

CFO or Company Secretary

CFO or Company Secretary is mentioned as a person has to be identified u/s.380(1)(d) of the Companies Act as a person resident in India authorized to accept on behalf of the company notices and other documents required to be served on the company.

- ✓ Section 92 of the Companies Act, 2013 dealing with Annual Return also calls for reporting on CSR in the said return.

Other matters

- ✓ **Tax Provision** : As per the Finance Bill 2014, the expenditure incurred in activities relating CSR will not be allowed as deduction for the purposes of the business or profession.

The CSR Committee would be guided by the above policy and the same shall be subject to change based on the necessity and progress of the activities.

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