

CHEMMANUR CREDITS AND INVESTMENTS LIMITED

# Corporate Social Responsibility (CSR) Policy

## **1.INTRODUCTION**

Ministry of Corporate Affairs, Government of India has notified the Section 135 of the Companies Act, 2013 which makes it mandatory (with effect from 1st April, 2014) for certain companies which fulfil the criteria as mentioned under Section 135 (1) of Companies Act,2013 to comply with the provisions relevant to Corporate Social Responsibility. CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives while at the same time creating goodwill for the Company among the public and addressing the expectations of shareholders and stakeholders.

The term "Corporate Social Responsibility (CSR)" refers to as corporate initiative to assess and take responsibility for the company's effects on the environment and impact on social welfare. The term generally applies to company's efforts that go beyond what may be required by regulators or environmental protection groups. Corporate social responsibility may also be referred to as "corporate citizenship" and can involve incurring short-term costs that do not provide an immediate financial benefit to the company, but instead promote positive social and environmental change

Ministry of Corporate Affairs, Government of India has made the Companies (Corporate Social Responsibility Policy) Rules, 2014 for implementation of Corporate Social Responsibility provisions of Companies Act,2013.

## **2. COMPANIES RESPONSIBLE FOR CSR ACTIVITIES.**

As per Section 135(1) of the Companies Act, 2013. companies having Net worth of Rupees 500 crore or more; or Turnover of Rupees 1000 crore or more; or Net Profit of Rupees 5 crore or more during the immediately preceding financial year shall be responsible for carrying out CSR activity. As the Company's net profit for the Financial Year 2018-19 as per the provisional figures, has crossed Rupees 5crore, the Company will come under the ambit of CSR provisions.

## **3. CSR COMMITTEE**

Every company coming under the provisions of the CSR activity is required to constitute a Corporate Social Responsibility Committee of the Board (CSR Committee), which shall:-

- a) Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII to the Companies Act,2013.
- b) Recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- c) Monitor the Corporate Social Responsibility Policy of the company from time to time.

## **4. CONSTITUTION OF CSR COMMITTEE**

The CSR committee of the Board shall consist of minimum three Directors out of which at least one shall be an Independent Director. For committee meeting the quorum shall be two members. The members of the committee shall be appointed by the Board of Directors:

## **5. THE OBJECTIVES OF THE CSR POLICY**

Defining CCIL's Corporate Social Responsibility (CSR) approach in alignment with Section 135 of the Companies Act, 2013 read with applicable rules and reaching out to underprivileged and

underserved communities to address fundamental challenges of our society are the objectives of this policy.

## **6. CSR ACTIVITIES**

The Policy recognizes that Corporate Social Responsibility is not merely compliance; it is a commitment to support initiatives that measurably improve the lives of underprivileged by One or more of the following focus areas as notified under Schedule VII of the Companies Act, 2013 for CSR activity under Section 135 of the Companies Act 2013 and Companies (Corporate Social Responsibility Policy) Rules 2014 shall be selected by company's CSR Committee for implementation of its CSR activities.

- i. Eradicating hunger, poverty and malnutrition, promoting 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 unable 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. Reducing child mortality and improving maternal health by providing good hospital facilities and low cost medicines;
- v. Providing with hospital and dispensary facilities with more focus on clean and good sanitation so as to combat human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases;
- vi. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water; (Including contribution to the Clean Ganga Fund set up the Central Government for rejuvenation of river Ganga)
- vii. Employment enhancing vocational skills
- viii. 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;
- ix. Measures for the benefit of armed forces veterans, war widows and their dependents;
- x. Training to promote rural sports, nationally recognized sports, sports and Olympic sports;
- xi. 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;
- xii. Contributions or funds provided to technology incubators located within academic institutions, which are approved by the Central Government;
- xiii. Rural development projects, etc.
- xiv. Slum area development.

Board of Directors will approve the CSR activities to be undertaken by the Company from among the activities stated above.

## **7. ALLOCATION OF FUNDS**

I. The Company would spend not less than 2% of the average Net Profits of the Company made during the three immediately preceding financial years.

II. Net profit means the net profit as per the financial statement of the company prepared in accordance with the applicable provisions of the Act, but shall not include the following:

- (i) Any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise, and
- (ii) Any dividend received from other companies in India which are covered under and complying with the provisions of section 135 of the Act.

III. As per section 135 of the Companies Act, the Company will report reasons for under spending of the allocated CSR budget of the current financial year in the template provided by the Ministry of Corporate Affairs. This reporting will be done in the Annual Report and signed off by the Board of Directors.

IV. In case of any surplus arising out of CSR projects the same shall not form part of business profits of the Company

V. The Company may collaborate or pool resources with other companies to undertake CSR activities, through any non-profit organization, if required.

## **8. ADMINISTRATION OF CSR PROJECTS**

CCIL can meet its CSR obligations by funnelling its activities on its own or through a third party, such as a society, trust, foundation or Section 8 company (i.e., a company with charitable purposes) that has an established record of at least five years in CSR-like activities. In the present circumstances CCIL will carry out CSR activities on its own or through an established agency which can be identified based on Rules contained in Companies (Corporate Social Responsibility Policy) Rules, 2014.

## **9. REPORTING FOR CSR**

Rule 8 of the CSR Rules provides that the companies, upon which the CSR Rules are applicable shall be required to incorporate in its Boards Annual Report on CSR activities containing the following particulars:

- A brief outline of the company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs;
- The composition of the CSR Committee;
- Average net profit of the company for last three financial years;
- Prescribed CSR Expenditure (2% of the amount of the net profit for the last 3 financial years);
- Details of amount spent on CSR activities during the financial year;
- In case the company has failed to spend the 2% of the average net profit of the last three financial year, reasons thereof;

## **10. AMENDMENTS TO THE POLICY**

The Board of Directors on its own and/or 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 notified by the relevant statutory authorities, from time to time.