

Corporate Social Responsibility (CSR) Policy



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Summary of Policy

Policy Name	Corporate Social Responsibility (CSR) Policy
Issue and Effective date	May 06, 2014
Date of last review	September 18, 2017
Date of current review	September 25, 2018
Date of next review	On or before September 2019
Periodicity of review	Annual
Owner / Contact	Compliance Department
Approver	Board of Directors (Implemented through CSR Committee)
Annexures	I
Appendices	Appendix A - Policy Review History.

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1. Background

Ministry of Corporate Affairs ('MCA') has issued guidelines on Corporate Social Responsibility under Section 135 of Companies Act, 2013 read with Schedule VII i.e. Companies (Corporate Social Responsibility Policy), Rules 2014 to companies meeting certain criteria's.

While there may be no single universally accepted definition of CSR, each definition that currently exists underpins the impact that businesses have on society at large and the societal expectations of them. Although the roots of CSR lie in philanthropic activities (such as donations, charity, relief work, etc.) of corporations, globally, the concept of CSR has evolved and now encompasses all related concepts such as triple bottom line, corporate citizenship, philanthropy, strategic philanthropy, shared value, corporate sustainability and business responsibility.

The Companies Act, 2013 has introduced the idea of CSR to the forefront and through its disclose-or-explain mandate, is promoting greater transparency and disclosure. Schedule VII of the Act, which lists out the CSR activities, suggests communities to be the focal point. On the other hand, by discussing a company's relationship to its stakeholders and integrating CSR into its core operations, the rules suggest that CSR needs to go beyond communities and beyond the concept of philanthropy.

2. Applicability

In India, the concept of CSR is governed by Section 135 of the Companies Act, 2013, which was passed by both Houses of the Parliament, and had received the assent of the President of India on 29 August 2013 and became applicable w.e.f April 01, 2014.

The CSR provisions within the Act is applicable to companies:

- a. having net worth of rupees five hundred crore or more, or
- b. turnover of rupees one thousand crore or more or
- c. a net profit of rupees five crore or more during any financial year

DMI Finance Pvt. Ltd. ("DMI/the company") falling within the ambit of the above-mentioned clauses needs to comply with the said section and rules related to CSR.

3. Definitions

- a. "Act" means Companies Act, 2013 and rules framed therein
- b. "Average net profit" means:
 - credit shall be given for the sums specified in sub-section (2), and credit shall not be given for those specified in sub-section (3); and
 - the sums specified in sub-section (4) shall be deducted, and those specified in sub-section (5) shall not be deducted.

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- c. “Board” means Board of Directors of the Company
- d. “Company” means DMI Finance Private Limited
- e. “Committee” means CSR Committee
- f. "Directors” means individual Director or Directors on the Board of the Company.

4. Role of Board of Directors

The Board of Directors of DMI will after considering the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy for the company and disclose contents of such Policy in its report, if any, in such manner as prescribed in *Annexure-I*; and also place it on the company's website in a manner prescribed; and ensure that the activities as are included in CSR Policy of the company are undertaken by the company.

The Board of Directors are required to disclose the reasons if the amount allocated for CSR activities are not spent during a financial year in the Board’s Report

5. CSR Committee

DMI shall constitute a Corporate Social Responsibility (CSR) Committee of the Board as per details mentioned below:

Name of Committee	Responsibilities	Composition of CSR Committee	Periodicity of Meetings
Corporate Social Responsibility (CSR) Committee	<ul style="list-style-type: none">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 of Companies Act, 2013b. Recommend the amount of expenditure to be incurred on the activities referred to in clause (a);c. Monitor the Corporate Social Responsibility Policy of the company from time to time.	Minimum 3 Directors of the company including 1 director from the Investors (as per Investment Agreement)	Half yearly

6. CSR Activities

Activities to be undertaken by the CSR committee as per Schedule VII of Companies Act, 2013 are:

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- Eradicating hunger, poverty, and malnutrition, promoting preventive health care and sanitation and making available safe drinking water.
 - Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
 - Promoting gender equality, empowering women, setting up homes and hostels for women and orphans, setting up old age homes, day care center and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
 - 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.
 - 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.
 - Measures for the benefit of armed forces veterans, war widows and their dependents.
 - Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports.
 - 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.
 - Rural development projects.
- a. The Board of Directors of DMI may take up the above-mentioned activities through the following manner:
- Registered Trust or;
 - Registered Society or;
 - Company established either by subsidiary under Section 8 of Companies Act, 2013.
- b. The above said activities shall be implemented directly by the management of the company with an oversight by the CSR committee
- c. CSR committee shall review the status of the CSR activities every half year and report the same to the Board for their review.

7. CSR Expenditure

The Board shall ensure that the company spends, in every financial year, at least **two per cent of the "Average Net Profits" of the company made during the three immediately preceding financial years**, in pursuance of its Corporate Social Responsibility Policy:

The company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities

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- CSR expenditure to be undertaken in India only
- Activities that benefit only the employees of the company and their families shall not be considered CSR activities
- Expenditure related to CSR capacity building of own personnel and implementing not to exceed 5% of the total CSR expenditure

8. CSR Reporting

The Board's Report of DMI pertaining to a financial year shall include an annual report on the CSR activities undertaken in the particulars as mentioned in *Annexure-I*;

9. Display of CSR Activities on Website

The company will display the on its website:

- a. CSR activities being carried out by the company
- b. Composition of CSR committee
- c. CSR Policy

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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 programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects and programs
2. The composition of CSR Committee
3. Average net profit of the company for last 3 financial years.
4. Prescribed CSR expenditure (2% 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 defined	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 were undertaken	Amount outlay(budget) project or program wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Overheads:	Cumulative expenditure upto the reporting the period.	Amount spent: Direct or through implementing agency:

6. In case the company has failed to spend the two percent of the average net profit of the last 3 financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report

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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/- (CEO or MD or Director)	Sd/- (Chairman of CSR committee)	Sd/- (Person specified under clause (d) of section 380(1) of the Act) (wherever applicable)
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