
ICSIL CSR POLICY AS PER COMPANIES ACT 2013

1. CONTEXT

ICSIL is committed to conduct business in a socially, economically and environmentally responsible and sustainable manner, which enables the creation and distribution of wealth for the betterment of all its stakeholders, internal as well as external, through the implementation and integration of ethical systems and sustainable management practices. For this ICSIL shall incorporate a balanced emphasis on all aspects of corporate social responsibility and sustainability with regard to its internal operations, activities and processes, as well as undertake initiatives and projects to facilitate capacity building, empowerment of communities, inclusive socio-economic growth, environment protection, promotion of green and energy efficient technologies, development of backward regions, and upliftment of the marginalized and under-privileged sections of the society.

Further pursuant to Section 135 of the Companies Act, 2013, and Companies (Corporate Social Responsibility Policy) Rules, 2014 every Company having net Worth of Rs. 500 crore or more or turnover of Rs, 1,000 crore or more or net profit of Rs. 5 crore or more shall constitute Corporate Social Responsibility Committee (CSR Committee) and the CSR Committee shall formulate and recommend Policy.

The CSR provisions of the Act, Schedule VII of the Act, or the CSR rules are inviolable. However, in addition to the CSR provisions of the Act and the CSR rules, DPE has formulated Guidelines on Corporate Social Responsibility and Sustainability which are applicable to CPSEs. Guidelines do not supersede or override any provision of the Act, or Schedule VII of the Act, or the CSR rules, but will supplement them. It is clarified that in case any perceived conflict between the CSR rules and the Guidelines, the former shall prevail in all circumstances.

DPE Guidelines has mandatory, for all profit making CPSEs to undertake CSR activities as per the provisions of the Act and the CSR rules. Even the CPSEs which are not covered under the eligibility criteria based on the threshold limits of net-worth, turnover, or net profit as specified by Section 135(1) of the Act, but which had made profit in the preceding year, would also be required to take up CSR activities as specified in the Act and the CSR rules, and such CPSEs would be expected to spend at least 2 %of the profit made in the preceding year on CSR activities, The term Sustainability has been used in conjunction with CSR in the title of DPE Guidelines because CSR activities which are envisaged in the Act and in the CSR rules can be supplemented with sustainability initiatives as both aim at achieving sustainable development goals.

The CSR Committee so constituted formulated Policy on Corporate Social Responsibility (CSR Policy) and recommended the same to the Board of Directors of the Company ("Board") for its approval.

2.OBJECTIVES & POLICY

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, regulations, 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.
- Creating opportunities for employees to participate in socially responsible initiatives.
- Statement containing the approach and direction given by the Board of Directors, taking into account the recommendations of its CSR Committee.
- Guiding principles for selection, implementation and monitoring of activities as well as formulation of the Annual Action plan.

3. DEFINITIONS

In this Policy unless the context otherwise requires:

- a) 'Act' means Companies Act, 2013;
- b) '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;
- c) 'Corporate Social Responsibility' means Corporate Social Responsibility (CSR) as defined in Section 135 of the Companies Act 2013 and Companies Corporate Social Responsibility Policy) Rules 2014;
- d) 'Ministry' means the Ministry of Corporate Affairs.
- e) 'Net Profit' means net profit as defined in Section 198 of the Companies Act 2013 and Companies Corporate Social Responsibility Policy) Rules 2014 as set out below:.

Net Profit as per financial statements 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; 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.
- f) Words and expressions used in this CSR Policy and not defined herein but defined in the Act shall have the meaning respectively assigned to them in the Act.

4. BROAD AREAS & OVERVIEW OF CSR ACTIVITIES

CSR Policy relates to the activities to be undertaken as specified in Schedule VII of the Companies Act 2013.

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 Section 135 of the Companies Act 2013 and Companies (Corporate Social Responsibility Policy) Rules 2014:

Activities which may be included by companies in their Corporate Social Responsibility Policies
Activities relating to:—

- (i) Eradicating hunger, poverty and malnutrition, [“promoting health care including preventive health care”] and sanitation [including contribution to the Swach 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, agro forestry, 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];
- (vii) Training to promote rural sports, nationally recognized sports, Paraolympic sports and olympic sports.

- (viii) Contribution to the prime minister's national relief fund [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) (a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and
- (b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).]
- (x) Rural development projects.
- (xi) Slum area development.
- (xii) Disaster management, including relief, rehabilitation and reconstruction activities.

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.

CSR activities shall be undertaken as projects, programs of activities (either new or ongoing) excluding activities undertaken in pursuance of the normal course of business of the Company.

5. THE GEOGRAPHIC REACH

The Act provides that 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. The Company will thus give preference to conducting CSR activities in the NCR region and such other state(s) in India wherein the Company has/will have its operations and the areas having need of CSR activities. However, the CSR Committee assisted by Below Board Level Committee may identify such areas other than stated above as it may deem fit, and recommend it to the Board for undertaking CSR activities.

6. CSR COMMITTEE

6.1 Guiding Principles for Constitution of CSR Committee

The CSR Committee will consist of at least three directors.

The Committee shall meet at least once in a year to discuss and review CSR activities and Policy, A quorum of two members is required to be present for the proceedings to take place. Such other meetings of the Committee can be convened as and when deemed appropriate. The Committee members may attend the meeting physically or via such audio- visual means as permitted under the Act. The Committee shall have the authority to call such employee(s), senior official(s) and or externals, as it deems fit The Company Secretary shall act as Secretary to the Committee.

6.2. CSR Committee of the Board

The Chairperson and Members of the CSR Committee of the Board are as follows:

S.No.	Name	Chairperson / Member
1.	Smt. Nazuk Kumar, IAS	Chairperson
2.	Sh. Sanjay Bharti Kumar	Member
3.	Sh. Arun Kumar Roy	Member

6.3 CSR below Board Level Committee

The ICSIL CSR BBLC is the extant framework, as on the date of approval of this policy by the Board of Directors of the company, which champions the CSR initiatives of the company. This BBLC shall be headed by Nodal Officer and consisting of atleast two other members out of that atleast one member will be from finance and will assist the CSR Committee in achieving the objectives and purpose of CSR Policy and ensure compliance of Act.

6.3.1 ICSIL BBLC Members

6.3.1 The Nodal Officer of the ICSIL BBLC, shall place periodic report(s) about CSR activities undertaken and status thereof, before the committee at such intervals as required for updating of the project status, planning & development of CSR projects. The BBLC will work as per the direction of CSR Committee.

6.3.2 The members to the ICSIL BBLC be added/removed with the approval (including ex- post facto approval) of CSR Committee or by Managing Director, ICSIL.

The CSR committee shall have the authority to obtain professional advice from external sources and have full access to information contained in the records of the Company as well as the powers to call any employee/external consultant or such other person(s) and for such purpose as may be deemed expedient for the purpose of accomplishments of overall CSR Objectives laid down under the Act.

7. PROCEDURES

7.1 Funding

1. As per the Regulations the Company will set aside, for annual CSR activities, an amount equal to 2 % of the average Net Profits of the Company made during the three immediately preceding financial years. Any unutilized CSR allocation of a particular year, will be carried forward to the following year, the CSR budget will be non-lapsable in nature.

Provided that all reasonable efforts will be made to ensure that the annual CSR allocation is fully utilized in the respective year. However, if the Company fails to spend such amount, the Board of Directors shall, in its report under clause (o) of sub-section (3) of section 134 of the Act, shall specify the reasons for not spending the amount.

As per DPE Guidelines, in case of CPSEs mere reporting and explaining the reasons for not spending this amount in a particular year would suffice and the unspent CSR amount in a particular year would not lapse. It would instead be carried forward to the next year for utilization for the purpose for which it was allocated.

2. Tax treatment of CSR spend will be in accordance with the Income Tax Act, 1961 as may be notified by Central Board of Direct Taxes (CBDT)

7.2 PLANNING AND IMPLEMENTATION

1. A list of CSR projects/programmes which the Company plans to undertake during the implementation year will be laid down before the Committee at the beginning of each year, specifying modalities of execution in the areas/sectors chosen and implementation schedules for the same.
2. Identification of projects and the executing agency/ NGO will be made, inter-alia, by assessing the following:
 - a) Project Objectives

- b) Baseline survey - As-is and To-be state basis, accordingly the outcome of the project will be measured.
 - c) Implementation schedules - Timelines for milestones of the project will need to be prescribed and agreed upon
 - d) Responsibilities and authorities.
 - e) Major results expected and measurable outcome including the expenses/charges ratio as against the actual CSR spend.
3. If the Company decides to set up a Trust or Section 8 Company, or Society or Foundation or any other form of entity operating within India to facilitate implementation of its CSR activities in accordance with its stated CSR Policy, the following shall apply:
- (a) The Company would need to specify the projects/programmes to be undertaken by such an organization, for utilizing funds provided by it;
 - (b) The Company shall establish a monitoring mechanism to ensure that the allocation is spent for the intended purpose only;
4. The Company may also conduct/implement its CSR programmes through Trusts, Societies, or Section 8 companies operating in India, which are not set up by the Company itself, herein collectively referred to as 'CSR Partner' or 'CSR Partner(s)'.
5. Such spends may be included as part of its prescribed CSR spend only if such organizations have an established track record of at least three years in carrying on activities in related areas.
6. Company may collaborate or pool resources with other companies to undertake CSR activities within India. Only activities which are not for the benefit of employees of the company or their family members shall be considered as CSR activity.

7.3 PROJECTS / PARTNERS

CSR Committee in consultation of the Board of Directors of the Company will identify suitable projects for implementation in line with the objectives of the Company and requirements laid down under the Regulations. These projects would be executed either directly by the Company (by making company within company) and/or through CSR Partner(s)

7.4 CRITERION FOR CSR PARTNER(S) AND AGREEMENT

1. While Identifying projects, CSR Committee will assess CSR Partner(s) organizations who would execute the projects at the grass root level. At a minimum they need to meet the following criteria:
 - a) The CSR Partner(s) has a permanent office/address in India;
 - b) The CSR Partner(s) is a Trusts, Societies, or Section 8 Company having an established track record of three years in undertaking similar CSR programs or projects in pursuance with the relevant regulations;
 - c) Possesses a valid income-tax Exemption Certificate
 - d) The antecedents of the CSR Partner are verifiable
 - e) Have requisite framework to report progress/status of the projects on a quarterly basis on agreed parameters
2. Once the project/program is approved, ICSIL and the CSR Partner will be required to enter into an agreement as per the standard MOU requirements.

7.5. CSR EXPENDITURE

CSR expenditure includes all expenditure approved by the Board but not include any expenditure which is not in line with Schedule VII of the Act.

7.6. REVIEW AND REPORTING

The ICSIL BBLC and CSR Committee will review the CSR activities of the Company and will provide progress update to the Board of Directors every six months/such other intervals as deemed fit.

8. MONITORING

1. Appropriate documentation and amendments of the CSR Policy, annual CSR activities, reports on execution by CSR Partner(s) and expenditures will be undertaken on a regular basis by BBLC and same will be submitted for review by committee of Board of Directors of the Company.
2. Initiatives undertaken on the CSR front will be reported in the Annual Report of the Company.
3. The CSR Committee and persons/entities authorized by BBLC, will conduct due diligence checks on the current projects/partners on a quarterly basis and report anomalies, if any, immediately.
4. Based on analysis of current projects, carry out roadmap planning for allocation of budget and selection of projects. The same will be done atleast once in a financial year.

9. AMENDMENTS TO THE POLICY

The Board of Directors on its own and/or as per the recommendations of CSR Committee can amend this Policy as and when required as deemed fit. Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the Regulations on the subject as may be issued from relevant statutory authorities, from time to time.

10. BENEFITS OF CSR ACTIVITIES TO ICSIL

CSR activities are undertaken for larger benefits of the society. The surplus arising out of the CSR activity will not be part of business profits of the Company. The Corpus for CSR activities would thus include the 2 % of average net profits, as aforesaid, any income arising there from and surplus arising out of CSR activities.

In case the Company fails to spend the 2 % of the Average Net Profit (INR) of the last financial years, the reasons for not spending the amount shall be stated in the Board report.

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.

11. DISPLAY OF CSR ACTIVITIES ON ITS WEBSITE

Company to disclose composition of CSR Committee, CSR Policy and projects approved by the Board on its website.