

CORPORATE SOCIAL RESPONSIBILITY POLICY

IL&FS INVESTMENT MANAGERS LIMITED

- (1) **Preamble** : Corporate Social Responsibility (CSR) is based on the concept that corporate success and social welfare are interdependent. For the society to thrive businesses must create opportunities for philanthropy and sustainability. The Company too believes in making a positive difference to the society. Over the past few years the Company has been actively contributing to the social and economic development of the society through a few NGO's

- (2) **CSR Vision statement and Objective** : The Company's philosophy in documenting this policy is delineating its responsibility as a corporate citizen and laying down the guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of the community at large. The Policy aims at inter alia nurturing socio-economic development schemes for capacity building, livelihood creation, quality education, empowerment of people, etc., with the primary goal of ensuring that benefits reach the targeted beneficiaries. The approach of the Company for implementation of the CSR activities will be oriented to identify and formulate projects in response to the need of society, devise transparent monitoring mechanism, and commit cent percent involvement to get desired results in a time bound manner. The Company endeavors to contribute to the social welfare schemes and/ or Funds promoted by the Central or state government(s)

- (3) **Scope** :
 - (a) The Policy will apply to all corporate social responsibility activities or initiatives undertaken, developed, contributions made and reviewed by the Company within the purview of Section 135 read with Schedule VII of the Companies Act 2013 ("the Act") and rules made thereunder ("CSR Rules"), upon the recommendation of the CSR Committee and approval of the Board

- (4) **CSR Committee** : The terms of reference of CSR Committee shall be governed by the provisions of the Act and CSR Rules and any amendment thereunder. Presently the Committee has been entrusted with following responsibilities :
 - (a) Formulate and recommend to the Board of the Company the CSR Policy which shall indicate the CSR activities to be undertaken by the Company in areas or subject, specified in Schedule VII of the Act
 - (b) Identify the focus areas for the CSR activities on a yearly basis and review the same on a periodic basis

- (c) Recommend the amount of expenditure on the activities referred to in (a) above
- (d) Monitor the CSR Policy of the Company
- (e) Action Plan : The CSR Committee shall formulate and recommend to the Board, an annual action plan which shall include the following, namely:-
 - (i) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
 - (ii) the manner of execution of such projects or programmes
 - (iii) the modalities of utilisation of funds and implementation schedules for the projects or programmes;
 - (iv) monitoring and reporting mechanism for the projects or programmes; and
 - (v) details of need and impact assessment, if any, for the projects undertaken by the company;
- (f) The CSR Committee may recommend to the Board alteration to Action plan based on the reasonable justification, at any time during the financial year

(5) CSR Activities :

- (a) The CSR Activities means the activities undertaken by a Company in pursuance of its statutory obligation laid down in Section 135 read with Schedule VII of the Act and CSR Rules
- (b) The Company shall not include activities specifically excluded under the Act and/ or CSR Rules
- (c) The Company has its office in Mumbai. However, given that the Company in the private equity fund management business and invests across India and in all sectors, the Company shall undertake CSR activities in Mumbai and also across the country
- (d) The Company may undertake CSR activity through a registered Trust or a registered Society or a Section 8 Company established by the Company or its holding or associate Company or through a third party Trust, Society or Section 8 Company, provided it has a track record of at least three years in undertaking similar programs or projects and has registered itself with the Central Government pursuant to the Act and CSR Rules

- (e) The Company may also collaborate with other companies for undertaking projects or programmes or CSR activities provided that each Company can separately report on such program/projects in accordance with CSR Rules
- (6) The company may engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per this policy as well as for capacity building of its personnel for CSR **Operational Framework** : The Company may support certain NGOs which are engaged in CSR activities enlisted in Schedule VII of the Act. The Company may also directly contribute 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 as specified in the Schedule VII of the Act
- (7) **Approval Process** : The Approval Process would be a two-stage process :
- (a) **Board Approval** : The list of such projects/programmes/contributions to be made and corresponding budget outlays shall be approved by the Board on the recommendation of the CSR Committee. The Annual Action Plan for CSR shall be approved at the beginning of each financial year
- (b) **Delegated Authority** : Post approval of the Board and the Committee all actual expenditures/payment for a specific project shall be approved by Chief Executive Officer and Chief Financial Officer
- (c) The Board of a Company shall satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and the Chief Executive Officer & Chief Financial Officer shall certify to the effect and such certificate shall be placed at the Meeting of the CSR Committee and the Board
- (8) **Effective Date** : This CSR Policy shall be effective from April 1, 2014
- (9) **CSR Expenditure** :
- (a) The Company shall spend 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 pursuant to Section 135 of the Act and CSR Rules
- (b) CSR expenditure shall include all expenditure including contribution to corpus for projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee, but shall not include expenditure on an item not in conformity or not in line with activities which fall within the purview of Schedule VII of the Act

- (c) The Company shall strive to spend the approved amounts annually towards CSR activities
- (d) In event the Company fails to spend the amount as per (a) above, the Board of Directors shall specify the reasons for not spending such amount in the Directors' report of that financial year and, unless the unspent amount relates to any ongoing project referred to in clause (f) below, transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year
- (e) **Unspent Amount** : Any amount remaining unspent under (a) above, pursuant to any ongoing project, fulfilling such conditions as may be prescribed under the Act, undertaken by the Company in pursuance of its Corporate Social Responsibility Policy, shall be transferred by the Company within a period of thirty days from the end of the financial year to a special account to be opened by the Company in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account, and such amount shall be spent by the Company in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of three financial years from the date of such transfer, failing which, the Company shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year. Until a fund is specified in Schedule VII of the Act, the unspent CSR amount, if any, shall be transferred by the company to any fund included in schedule VII of the Act.
- (f) In case of ongoing project, the Board of a Company shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period
- (g) The administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.
- (h) **Surplus** : Any surplus arising out of the CSR activities shall not form part of the business profit of a company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.
- (i) **Excess Amount** : In event the Company spends an amount in excess of the requirements provided under clause (a), the Company may set off such excess amount against the requirement to spend under clause (a) for succeeding three financial years subject to the conditions that –

- (i) the excess amount available for set off shall not include the surplus arising out of the CSR activities and
 - (ii) the Board of the company shall pass a resolution to that effect.
 - (j) Capital Asset : The CSR amount may be spent by a company for creation or acquisition of a capital asset, which shall be held by either -
 - (i) a company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number, or
 - (ii) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
 - (iii) a public authority:
- (10) **Disclosure of the Policy** : The composition of the CSR Committee, CSR Policy, significant CSR activities and achievements and Projects approved by the Board will be reported in the Company's Annual Report. The same shall also be displayed on the Company's website