

## INDSEC SECURITIES AND FINANCE LIMITED

### CORPORATE SOCIAL RESPONSIBILITY POLICY

#### 1. Introduction

Corporate Social Responsibility (CSR) is a practice through which a Company contributes to the economic and social development of communities in which it operates. Indsec Securities and Finance Limited (“ISFL”) shall also strive to make a positive difference to the Society with its CSR activity.

ISFL has framed this policy in compliance with Section 135 of the Companies Act, 2013 (the Act) read with the Companies (Corporate Social Responsibility Policy), Rules 2014 (the CSR Rules) and to determine the scope of CSR activities to be undertaken by the Company in accordance with schedule VII of the Companies Act, 2013.

#### 2. Responsibility for implementation of CSR

The Board of Directors of the Company had constituted a Corporate Social Responsibility Committee (“CSR Committee”) to assist the Board to effectively discharge its corporate social responsibility obligations. Pursuant to Section 134(9) of the Companies Act, 2013 effective from January 22, 2021, where the amount to be spent by a company under CSR does not exceed fifty lakh rupees, the requirement for constitution of the Corporate Social Responsibility Committee shall not be applicable and the functions of such Committee provided under this section shall, in such cases, be discharged by the Board of Directors of such company. Accordingly, the requirement for constitution of the Corporate Social Responsibility Committee became inapplicable to the Company post January 22, 2021. In view of the same, the Board of Directors of the company at its meeting held on May 11, 2021 passed a resolution to dissolve the CSR Committee with immediate effect and decided that the functions of the committee shall be discharged by the Board. Therefore, all the functions & responsibilities of the CSR Committee as specified under Companies Act, 2013 and rules thereunder, or any re-enactment thereof shall be exercised by the Board henceforth.

#### 3. CSR Activities

The Company endeavors to pursue any one or more activities as covered / authorized in terms of provisions of Schedule VII of the Companies Act, 2013, for the time being in force and as amended from time to time.

#### 4. CSR Expenditure

- a) The Board shall determine the applicability of the provisions of Section 135 with respect to requirement of spending on CSR based on the criteria specified under Section 135.
- b) The Board shall ascertain and approve the total amount required to be spent on CSR activities for respective financial year. The Board of company 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.

- c) The Company shall allocate the budget for CSR activities. The Company may allocate more fund/amount than the amount prescribed under section 135 of the Companies Act, 2013, for the CSR activities for any financial year.
- d) CSR expenditure shall include all expenditure including contribution to corpus for projects or programs relating to CSR activities approved by the Board but does not include any expenditure on an item; not in conformity or not in line with activities which fall within the approved CSR activities.

### **5. Identification of activities/projects**

Out of approved CSR activities, the Board shall decide which activity/project should be given priority for the respective financial year. While arriving at the decision of the activity to be undertaken for the respective year, the Board shall analyze the basic need of the community/area in which the Company operates or at the place where the Registered office of the Company is situated. The Board shall record its findings and prioritize the CSR activities.

### **6. Implementation process**

- (i) After prioritizing the activity, the Board shall finalise the detailed implementation project/programme, including planning for expenses against the total budget allocated for CSR activities.
- (ii) The Board shall ensure that the CSR activities are undertaken by the company itself or through-
  - (a) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company, or
  - (b) a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or
  - (c) any entity established under an Act of Parliament or a State legislature; or
  - (d) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.
- (iii) The Board shall identify eligible entities or Organizations for CSR implementation and allocate funds to them for specific CSR projects. The Board may engage specialized agencies, if necessary, for identification of such entities Organizations.
- (iv) The Board shall ensure that with effect from 01st April, 2021, the entity or organization selected for the CSR implementation has registered itself with the Central Government by filing necessary forms and has obtained a unique CSR Registration Number.

- (v) The company may engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy as well as for capacity building of their own personnel for CSR.
- (vi) The company may also collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR committees/ Boards of respective companies are in a position to report separately on such projects or programmes in accordance with the CSR rules.
- (vii) The board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.

### **7. Annual Action plan**

An Annual Action plan would be formulated basis the available CSR budgets and shall include the list of CSR projects or programs which company plans to undertake during the financial year, further specifying modalities of execution of such project or programs, their implementation schedules, monitoring and reporting mechanism for such projects and need of impact assessment, if any for the said projects.

The Board may alter the Annual Action Plan at any time during the financial year, based on reasonable justification for such change.

### **8. CSR Monitoring**

- (i) The Board of Directors shall constantly monitor implementation of the CSR activities.
- (ii) The Board of Directors shall satisfy itself that the funds disbursed for the CSR activities have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.
- (iii) In case of ongoing project, the Board 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.
- (iv) The Board shall decide on the need of impact assessment, if any, for the projects undertaken by the company.

### **9. CSR Reporting**

- (i) The Board is responsible to undertake CSR activities as per the approved CSR Policy.
- (ii) The Board's Report pertaining to any financial year shall include an annual report on CSR containing particulars as specified under the CSR Rules.

## 9. CSR Disclosure

The Board of Directors shall mandatorily disclose the composition of the CSR Committee, CSR Policy and Projects approved by the Board on the website of the company.

## 10. Miscellaneous

- (i) This Policy may be updated from time to time, by the Company in accordance with the amendments, if any, to the Companies Act, 2013, rules made there under or any other applicable enactment for the time being in force.
- (ii) Any term used in this policy shall have the same meaning as defined under the Companies Act, 2013 and Companies (Corporate Social Responsibility) Rules, 2014.
- (iii) If any provision contained in this policy, contradicts or is inconsistent with the provisions of Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility) Rules, 2014, for the time being in force and as may be amended from time to time, the provisions of the Act and Rules shall always prevail.

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