



IFCI VENTURE CAPITAL FUNDS LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY

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1. INTRODUCTION

The concept of Corporate Social Responsibility (CSR) has gained prominence from all avenues. Organizations have realized that government alone will not be able to get success in its endeavor to uplift the downtrodden of society. The concept of CSR has been looked upon as closely linked with the principle of sustainable economic development, which requires the organizations to make decisions not only based on financial factors but also on immediate and long term social & environmental consequences of their activities.

Ministry of Corporate Affairs has notified section 135 and schedule VII of Companies Act 2013 along with the Companies (Corporate Social Responsibility Policy) Rules, 2014 to come into effect from April 01, 2014.

This CSR Policy of IFCI Venture Capital Funds Limited (IFCI Venture) has been prepared pursuant to the section 135 of the Companies Act, 2013 and the notified CSR Rules, 2014. This CSR policy should serve as the referral document for all CSR related activities of IFCI Venture.

2. DEFINITIONS:

- a) "Act" means the Companies Act, 2013.
- b) "Corporate Social Responsibility (CSR)" means and includes but is not limited to:-
 - i) Projects or programs relating to activities specified in Schedule VII to the Act; or
 - ii) Projects or programs relating to activities undertaken by the Board of Directors of IFCI Venture in pursuance of recommendations of the CSR Committee of the Board as per declared CSR policy of IFCI Venture subject to the condition that such policy will cover subjects enumerated in Schedule VII of the Act.

- c) "CSR Policy" relates to the activities to be undertaken by IFCI Venture as specified in Schedule VII to the Act and the expenditure thereon, excluding activities undertaken in pursuance of normal course of business of IFCI Venture;
- d) "Net profit" means the net profit of IFCI Venture as per its financial statement 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:

Provided that net profit in respect of a financial year for which the relevant financial statements were prepared in accordance with the provisions of the Companies Act, 1956, (1 of 1956) shall not be required to be re-calculated in accordance with the provisions of the Act:

3. CSR VISION STATEMENT & OBJECTIVE

3.1 Vision Statement

In alignment with the vision of the company, IFCI Venture, through its CSR initiatives will continue to enhance value creation in the society and in the community in which it operates, through its services, conduct and initiatives, so as to promote sustained growth for the society and community, in fulfillment of its role as a *Socially Responsible Corporate*, with environmental concern.

3.2 Objective

The main objectives of CSR Policy are:

- i) To directly or indirectly take up programs that benefit the communities in and around its workplace and results, over a period of time, in enhancing the quality of life and economic well-being of the local populace.
- ii) To generate through its CSR initiatives, a community goodwill for IFCI Venture and help reinforce a positive & socially responsible image of IFCI Venture as a corporate entity and as a good Corporate Citizen.

- iii) Ensure commitment at all levels in the organization, to operate its business in an economically, socially and environmentally sustainable manner, while recognizing the interest of all its stakeholders

4. EXPENDITURE

Every year, IFCI Venture shall, with the recommendation of CSR Committee and approval of its Board of Directors, make a budgetary allocation for CSR and Sustainability activities / projects for the year. The budgetary allocation will be at least two percent of the average net profits of the company made during the three immediately preceding financial years. The Company shall give preference to the local area(s) around it where it operates, for spending the amount earmarked for CSR activities.

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 does not include any expenditure on an item not in conformity or not in line with activities which fall within the purview of Schedule VII of the Companies Act, 2013. The surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of IFCI Venture.

5. CSR ACTIVITY AREAS/ SCOPE

5.1 The CSR activities shall be undertaken by IFCI Venture, as per its stated CSR Policy, as projects or programs or activities (either new or ongoing), excluding the activities undertaken in pursuance of its normal course of business.

5.2 "IFCI Venture may decide to undertake its CSR Activities approved by the CSR Committee through:

- a company established under section 8 of the Act or a registered trust or a registered society established by the company either singly or alongwith any other company

- 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 any entity established under an Act of Parliament or a State legislature;

Provided that

a) if the Board of a company decides to undertake its CSR activities through a company established under section 8 of the Act or a registered trust or a registered society other than those specified in this sub-clause, such company or trust or society shall have an established track record of 3 years in undertaking similar programmes or projects and

b) the company has specified the projects or programs to be undertaken, the modalities of utilization of funds of such projects and the programs and the monitoring and reporting mechanism."

5.3 IFCI Venture may also collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or programs in accordance with the notified CSR Rules 2014.

5.4 CSR projects or programs or activities undertaken in India only shall amount to CSR Expenditure. The CSR projects or programs or activities that benefit only the employees of the company and their families shall not be considered as CSR activities in accordance with section 135 of the Act.

5.5 IFCI Venture may build CSR capacities of their own personnel as well as those of their implementing agencies through Institutions with established track records of at least three financial years but such expenditure including expenditure on administrative overheads shall not exceed five percent of total CSR expenditure of the company in one financial year.

5.6 Contribution of any amount directly or indirectly to any political party under section 182 of the Act, shall not be considered as CSR activity.

5.7 As per the Schedule VII under section 135 of the Companies Act, 2013, the following activities would be allowed as a part of CSR activities by IFCI Venture:

- i) Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation including contribution to 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 vocational 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, agroforestry, 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 arts and handicrafts;
- vi) Measures for the benefit of armed forces veterans, war widows and their dependents;
- vii) Training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports;
- viii) 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;
- ix) Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- x) Rural development projects.
- xi) slum area development.

The above list is illustrative and not exhaustive.

5.8 Every year an amount upto 75% of the total eligible amount may be transferred to IFCI Ltd. to undertake CSR activities in collaboration with IFCI Venture and the balance amount may be spent by IFCI Venture Capital Funds Limited itself. Provided that the collaboration shall be made in such a manner that CSR Committee of respective companies may be able to monitor as well as report on their CSR Commitments independently.

6. IMPLEMENTATION AND MONITORING

6.1 Implementation

- a) CSR programs will be undertaken to the best extent within the defined ambit of the identified 'Thrust Areas';
- b) The time period/duration over which a particular programme will be spread, will depend on its nature, extent of coverage and the intended impact of the programme;
- c) Initiatives of State Governments, District administration, local administration as well as Central Government departments/agencies, Self-help groups, etc. would be dovetailed and synergized with the initiatives taken by IFCI Venture.
- d) The CSR Committee will assign the task of implementation of the CSR plan within specified budgets and time frames to such persons or bodies as it may deem fit. The persons/bodies to which the implantation is assigned will carry out such CSR programs as determined by the CSR committee within the specified budgets and timeframes and report back to the CSR Committee on the progress thereon at such frequency as CSR Committee may direct.

6.2 Monitoring

- a) Monitoring shall be done periodically with the help of identified key performance indicators; the periodicity being determined largely by the nature of performance indicators. Monitoring mechanisms should have periodic feedbacks with recourse to mid-course correction in implementation, whenever required.
- b) Actual disbursements shall be linked to the progress on the ground.

7. ROLE OF CSR COMMITTEE OF DIRECTORS, THE BOARD AND CSR EXECUTIVE COMMITTEE

7.1 Role of the CSR Committee of Directors

In pursuance to Section 135 of the Companies Act 2013, IFCI Venture required to constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director, which is as under:

- i) Shri Ajoy Kumar Deb, Chairman;
- ii) Shri Sudhir Garg, Member;
- iii) Shri Deepak Mishra, Member.

The Corporate Social Responsibility Committee 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 of Companies Act, 2013;
- b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a) above; and
- c) monitor the Corporate Social Responsibility Policy of the company from time to time.
- d) The CSR Activities (Proposal) as prescribed under the CSR Policy involving an amount upto Rs. 10 lakhs, shall be approved by CSR Committee of Directors and reported to the Board of Directors.
- e) The CSR Activities (Proposal) as prescribed under the CSR Policy involving an amount exceeding Rs. 10 lakhs, shall be recommended by CSR Committee of Directors and approved by the Board of Directors.

7.2 Role of the Board

The Board shall:

- a) after taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy for IFCI Venture and disclose contents of such Policy in its report and also place it on the company's website, if any, in such manner as may be prescribed;

- b) ensure that the activities as are included in Corporate Social Responsibility Policy of the IFCI Venture are undertaken by the company;
- c) ensure that the company spends, in every financial year, at least two percent of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy, provided 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 activities.
- d) If the company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134 of Companies Act 2013, specify the reasons for not spending the amount.

7.3 Role of CSR Executive Committee

CSRExecutive Committee of IFCI Venture shall be constituted in order to execute/ implement the CSR activities within specified budgets and time frames, as may be recommended by CSR Committee and approved by the Board of Directors. The CSR Executive Committee shall consist of following:-

- 1. Chief Operating Officer, Chairman
- 2. Chief Financial Officer, Member
- 3. Deputy General Manager, Member
- 4. Company Secretary

The CSR Executive Committee shall report to the CSR Committee of Directors in respect of all CSR activities including the expenditure incurred thereof.

8. REPORTING AND DISCLOSURE

8.1 Annual Reporting

The Board's Report of a IFCI Venture Capital Funds Limited for the financial year commencing from 1st day of April, 2014 shall include an annual report on CSR containing particulars as specified in the Annexure.

8.2 Company's Website

The Board of Directors of the IFCI Venture shall, after taking into account the recommendations of CSR Committee, approve the CSR Policy for the company and disclose contents of such policy in its report and the same shall be displayed on the company's website, if any, as per the particulars specified in the Annexure.

9. Annexures

**FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN
THE 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 or programs.
2. The Composition of the CSR Committee.
3. Average net profit of the company for last three financial years
4. Prescribed CSR Expenditure (two per cent. 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 identified.	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 was undertaken.	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Overheads:	Cumulative expenditure upto to the reporting period.	Amount spent: Direct or through implementing agency
1							
2							
3							
	TOTAL						

*Give details of implementing agency:

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.
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/- (Chief Executive Officer or Managing Director or Director)	Sd/- (Chairman CSR Committee)	Sd/- [Person specified under clause (d) of sub-section (1) of section 380 of the Act] (wherever applicable)
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