

**CORPORATE SOCIAL RESPONSIBILITY
(CSR) POLICY**

OF

AKME STAR HOUSING FINANCE LIMITED

CIN: L45201RJ2005PLC020463

REG. OFFICE:AKME BUSINESS CENTRE (ABC), 4-5 SUBCITY CENTRE
SAVINA CIRCLE, OPP. KRISHI UPAZ MANDI UDAIPUR RJ 313002 IN

INTRODUCTION

Corporate Social Responsibility is not a new concept in India, however, the Ministry of Corporate Affairs, Government of India has recently notified the Section 135 of the Companies Act, 2013 along with Companies (Corporate Social Responsibility Policy) Rules, 2014 "hereinafter CSR Rules" and other notifications related thereto which makes it mandatory (with effect from 1st April, 2014) for certain companies who fulfill the criteria as mentioned under Sub Section 1 of Section 135 to comply with the provisions relevant to Corporate Social Responsibility.

CSR AND ITS APPLICABILITY

The term "Corporate Social Responsibility (CSR)" can be referred as corporate initiative to assess and take responsibility for the company's effects on the environment and impact on social welfare. The term generally applies to companies efforts that go beyond what may be required by regulators or environmental protection groups.

The companies on whom the provisions of the CSR shall be applicable are contained in Sub Section 1 of Section 135 of the Companies Act, 2013. As per the said section, the companies having Net worth of INR 500 crore or more; or Turnover of INR 1000 crore or more; or Net Profit of INR 5 crore or more during any financial year shall be required to constitute a Corporate Social Responsibility Committee of the Board "hereinafter CSR Committee" with effect from 1st April, 2014. The pictorial representation below gives the representation of Section 135 (1).

The above provision requires every company having such prescribed Net worth or Turnover or Net Profit shall be covered within the ambit of CSR provisions.

1. As provided under Section 135(1) itself, the companies shall be required to Constitute Corporate Social Responsibility Committee of the Board "hereinafter CSR Committee". The CSR Committee shall be comprised of 3 or more directors, out of which at least one director shall be an independent director.
2. The Board's report shall disclose the compositions of the CSR Committee.
3. All such companies 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, in pursuance of its Corporate Social Responsibility Policy. It has been clarified that the average net profits shall be calculated in accordance with the provisions of Section 198 of the Companies Act, 2013. Also, proviso to the Rule provide 3(1) of the CSR Rules that the net worth, turnover or net profit of a foreign company of the Act shall be computed in accordance with balance sheet and profit and loss account of such company prepared in accordance with the provisions of clause (a) of sub-section (1) of section 381 and section 198 of the Companies Act, 2013.

REPORTING FOR CSR

Rule 8 of the CSR Rules provides that the companies, upon which the CSR Rules are applicable on or after 1st April, 2014 shall be required to incorporate in its Board's report an annual report on CSR containing the following particulars:

- 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;
- The composition of the CSR Committee;
- Average net profit of the company for last three financial years;
- Prescribed CSR Expenditure (2% of the amount of the net profit for the last 3 financial years);
- Details of CSR Spent during the financial year;
- In case the company has failed to spend the 2% of the average net profit of the last three financial year, reasons thereof;

ROLE OF CSR COMMITTEE

The CSR Committee constituted in pursuance of Section 135 of the Companies Act, 2013 shall be required to carry out the following activities:

- 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;
- b) Recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- c) Monitor the Corporate Social Responsibility Policy of the company from time to time.

THE OBJECTIVES OF THE 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.

DEFINITIONS

In this Policy unless the context otherwise requires:

- (a) "Act" means the Companies Act, 2013;
- (b) "Annexure" means the Annexure appended to these rules;
- (c) "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 a company (Board) in pursuance of recommendations of the CSR Committee of the Board as Per declared CSR Policy of the company subject to the condition that such policy will cover subjects enumerated in Schedule VII of the Act.
- (d) "CSR Committee" means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act
- e) "CSR Policy" relates to the activities to be undertaken by the company as specified in Schedule VII to the Act and the expenditure thereon, excluding activities undertaken in pursuance of normal course of business of a company.
- (f) "Net profit" means the net profit of a company 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;
 - (II) Any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act:

Words and expressions used and not defined in these rules but defined in the Act shall have the same meanings respectively assigned to them in the Act.

1. CSR ACTIVITIES

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:

- i. Eradicating hunger, poverty & malnutrition, promoting preventive health care & sanitation & making available safe drinking water;
- ii. Promoting education, including special education & employment enhancing vocation skills especially among children, women, elderly & the differently unable & livelihood enhancement projects;
- iii. Promoting gender equality, empowering women, setting up homes & hostels for women & orphans, setting up old age homes, day care centers & such other facilities for senior citizens & measures for reducing inequalities faced by socially & economically backward groups;
- iv. Reducing child mortality and improving maternal health by providing good hospital facilities and low cost medicines;
- v. Providing with hospital and dispensary facilities with more focus on clean and good sanitation so as to combat human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases;
- vi. Ensuring environmental sustainability, ecological balance, protection of flora & fauna, animal welfare, agro forestry, conservation of natural resources & maintaining quality of soil, air & water;
- vii. Employment enhancing vocational skills
- viii. Protection of national heritage, art & culture including restoration of buildings & sites of historical importance & works of art; setting up public libraries; promotion & development of traditional arts & handicrafts;
- ix. Measures for the benefit of armed forces veterans, war widows & their dependents;
- x. Training to promote rural sports, nationally recognized sports, sports & Olympic sports;
- xi. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development & relief & welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities & women;
- xii. Contributions or funds provided to technology incubators located within academic institutions, which are approved by the Central Government;
- xiii. Rural development projects, etc
- xiv. Slum area development.

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.||

The Above list is illustrative not exhaustive. All activities under the CSR activities should be environment friendly and socially acceptable to the local people and Society. Contribution towards C.M relief fund shall be a part of CSR activities above 2% of Net profit other than the activities mentioned above. Further Ministry of Corporate Affairs vide Notification dated 24.10.2014 increased the scope of contribution made towards Corporate Social Responsibility Activities namely:

(i) In item (i), after the words "and sanitation", the words "**including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation**" shall be inserted;

(ii) In item (iv), after the words "and water", the words "**including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga**" shall be inserted.

2. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR COMMITTEE):

The Company has constituted CSR Committee ("the Committee") comprising of following three Directors out of which two Director are Independent Directors:

- i. Mr. Ashish Jain-Chairman (Managing Director)
- ii. Mr. Nirmal Kumar Jain- Member (Director)
- iii. Mr. Amrit Singh Ji Rajpurohit- Member (Independent Director)
- iv. Dr. Rekha Jain- Member (Independent Director)

The Board of Directors may re-constitute the Committee, as and when required to do so, by following the sections, sub-sections, rules, regulations, notifications issued or to be issued, from time to time, by the Ministry of Corporate Affairs or the Central Government of India. The Committee shall exercise powers and perform the functions assigned to it by the Board of Directors of the Company pursuant to section 135 of the Act and CSR Rules notified with regard thereto.

3. TERMS OF REFERENCE FOR THE CSR COMMITTEE:-

MEMBERSHIP:

- i. The Members of the CSR Committee shall be appointed by the Board or Committee from amongst the Directors of the Company and shall consist of at least three members, out of which at least one should be independent directors.
- ii. The CSR activities shall be undertaken by the Company, as per herein stated CSR Policy, as projects or programs or activities excluding activities undertaken in pursuance of its normal course of the Company's business.

NOTICE:

The notice of committee meeting be sent to the committee members by giving not less than seven days' notice to every member at his address registered with the Company and such notice shall be sent by hand delivery or by post or by electronic means. A meeting of the CSR Committee may be called at shorter notice to transact urgent business subject to the condition that at least one independent director member, if any, shall be present at the meeting. In such a case of absence of independent director members from such a meeting of the Board, decisions taken at such a meeting shall be circulated to all the directors and shall be final only on ratification thereof by at least one independent director member, if any. Rule 3 of Companies (Meetings of Board and its Powers) Rules, 2014 relating to meetings of Board through video conferencing or other audio visual means.

QUORUM:

A Quorum shall be two members. A duly convened meeting of the CSR Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the CSR Committee.

ATTENDANCE AT MEETINGS:

No one other than the CSR committee Chairman and other members is entitled to be present or vote at a meeting of the CSR Committee.

FREQUENCY OF MEETINGS:

Meetings shall be held at such times at the CSR Committee deems appropriate, and in any event shall be held not less than twice a year.

PROCEEDINGS:

- i. Minutes for meetings of each of the committees of the Board shall be maintained in a distinct minute book.
- ii. The minutes of proceedings of each meeting shall be entered in the books maintained for that purpose along with the date of such entry within thirty days of the conclusion of the meeting.
- iii. Each page of minutes of proceedings of a meeting of the Board committee are required to be initialled /signed by the chairman of the said meeting or the chairman of the next succeeding meeting. Similarly the last page of the record of proceedings of each meeting is to be dated and signed by the chairman of the said meeting or the chairman of the next succeeding meeting.
- iv. The minutes shall also contain the names of the directors present at the meeting; and in the case of each resolution passed at the meeting, the names of the directors, if any, dissenting from, or not concurring with the resolution.
- v. A resolution passed by circulation by the majority of committee members under section 175 shall be noted at a subsequent meeting of the committee and be made part of the minutes of such subsequent meeting.
- vi. The minutes books of the Board and committee meetings shall be preserved permanently and kept in the custody of the Managing director and shall be kept in the registered office the Company or at such other place in India as the Board of Directors may decide under section 128 of the Act.

4. BUDGET FOR CSR ACTIVITY & CSR EXPENSES:

- i. The Company shall allocate the budget for CSR activities. The minimum budgeted amount for a financial year shall be 2% of the average net profit of three immediate preceding financial years on applicability of CSR as per section 135 of Companies Act, 2013.
- ii. 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.
- iii. The Committee shall calculate the total fund for the CSR activities and recommend to the Board for the approval. The Board shall approve the total fund to be utilized for CSR activity for respective financial year.
- iv. 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 approved CSR activities.
- v. The surplus arising out of CSR projects or programs or activities shall not form part of the

business profit of Akme Star Housing Finance Limited.

- vi. The tax treatment of CSR spent will be in accordance with the Income Tax Act, 1961 as may be notified by the central board of Direct taxes.
- vii. The Company may collaborate or pool resources with other companies to undertake CSR activities, through any non-profit organization, if required.

5. MONITORING BY THE BOARD:

The Board of Directors shall constantly monitor the implementation of the CSR activities.

6. AMENDMENTS TO THE POLICY

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