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# *Corporate Social Responsibility Policy*

## Compliance Department

October 2018

UGRO Capital Limited



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# 1 *Introduction*

The provision of Section 135 of the Companies Act, 2013 read with The Companies (Corporate Social Responsibility Policy) Rules, 2014 and amendments made therein (referred herein as ‘the Act’ and ‘the Rules’) require those companies that are falling within the purview of the said Section to undertake Corporate Social Responsibility (CSR) activities and allocate a percentage of its profit before tax for such activities.

As per the Act and Rules made thereunder, every Company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility (CSR) Committee.

UGRO is “non-deposit taking systemically important non-financial company (NBFC-ND-SI)”. Further, as per the RBI classification norms, the company is classified as a Loan company. The Corporate Social Responsibility policy (hereinafter – ‘the Policy’) of UGRO Capital Limited (hereinafter – ‘UGRO’ or ‘the Company’) defines the framework for conducting Corporate Social Responsibility activities for the Company.

This policy, which reflects the Company’s philosophy and mission, is designed to portray its commitment to be a responsible corporate citizen and presents the strategies and methods for undertaking social programs for well-being and sustainable development of the local community in which it operates.

This policy applies to all CSR initiatives and activities taken up at the various work centers and locations of UGRO, for the benefit of various segments of the society, with the emphasis on the under privileged.

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## **2 Purpose**

The purpose of the Policy of the Company is to:

- Shape sustainability for the organization by 'Engaging the Community';
- For other stakeholders, make it "an integral part of the Company's DNA, so much so that it has to be an organic part of the business".
- Planning and implementing various CSR activities towards the set objective of the organization and facilitating the CSR program, is the responsibility of UGRO.
- Aligning the vision of the company, increasing value creation in the community in which it operates, through its services and CSR initiatives which are planned and implemented, so as to stimulate well-being for the community, in fulfillment of its role and responsibility as a corporate citizen.

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## **3 Scope of CSR Project Areas**

The Company shall undertake activities as CSR projects inline Schedule VII of the Act. Following is the list of activities in which the Company shall expend on:

- Eradicating extreme hunger and poverty;
- Promotion of education;
- Promoting gender equality and empowering women;
- Reducing child mortality and improving maternal health;
- Combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases;
- Ensuring environmental sustainability;
- Employment enhancing vocational skills;
- Social business projects;
- Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- Rural development projects;
- Slum area development; and
- Such other areas within the ambit of Schedule VII of the Act not mentioned specifically above.

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## **4 CSR Committee**

The Company has formed a CSR Committee in compliance with the Act and Rules made therein to oversee CSR activities undertaken by the Company. The roles and responsibilities of the CSR Committee has been laid in the Charter for CSR Committee.

# 5 *CSR Projects*

## 5.1 *CSR Funds*

The CSR Committee will recommend the amount of expenditure to be incurred by the company on the CSR activity, keeping the Act and Rules in mind. The corpus for the purpose of carrying on the CSR activities would include atleast 2% of the average Net Profit before tax by UGRO during the immediate preceding three Financial Years. 'Net Profit' for the computation of minimum CSR expenditure shall be computed in accordance with Section 198 of the Act (and any amendments therein) and shall not include sums prescribed in the Act.

The following shall not be treated as expenditure under CSR activities:

- Any expenditure that benefits only employees or their families;
- Contribution of any amount to any political party under the Companies Act, 2013 (and any amendments thereto) section 182;
- Any CSR expenditure undertaken out of India
- Any other activities pursued in the normal course of business of the company.

## 5.2 *Execution / Implementation process for CSR activities*

The CSR Committee shall review the proposals presented by the CSR team and the management team for the projects to be supported, detailed plan, modalities of execution, implementation schedule, monitoring process and amount to be allocated to each project.

CSR Committee will satisfy itself about the projects, their promoters, efficacy, implementation team, timeframe, costs etc., as well as whether it falls within the areas mentioned in the Act. Based on its deliberations, the Committee will present to the Board of Directors, the projects and the amount that it recommends for support.

UGRO may also facilitate the involvement of its employees in CSR projects and events, giving them an opportunity to engage in socially meaningful activities, thus, enabling them to realize their full potential and role as socially responsible citizens. If the Company builds CSR capacities of it's own personnel as well as those of their implementing agencies through institutions with established track records of at least three financial years, such expenditure shall not exceed five percent of total CSR expenditure of the company in one financial year. Expenditure, here, includes expenditure on administrative overheads.

The Board may decide to undertake it's CSR activities approved by CSR Committee by a company established under section 8 of the Act or a registered trust or a registered society, established by the company, either singly or along with any other company, or by 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.

Where the Company decides to undertake CSR activities through company established under section 8, registered trust or a registered society other than established by Company itself or the Central Government or State Government or any entity established under an Act of Parliament or a State legislature, the Company shall ensure such company or trust or society shall have an established track record of three years in undertaking similar programs or projects.

The Company shall specify the projects to be undertaken, modes of utilization of funds for such projects and programs and shall put in place monitoring and reporting mechanism.

### ***5.3 Monitoring / Overseeing CSR Activities / Projects***

The CSR Committee of the Company shall be responsible for monitoring the Policy from time to time. The CSR Committee is also responsible to institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the company.

Where the Company is undertaking CSR activities through external agencies, the Company shall obtain adequate evidence to justify expenditure of allocated funds.

The CSR team and the management of the Company shall submit a report periodically, giving status of the approved Projects, amounts allocated, expenditure incurred and such other details as may be required by the CSR Committee/Board of Directors of the Company. The Board of the Company shall be responsible for ensuring that the activities included in the Policy are undertaken.

The CSR Committee shall meet as and when required to review the progress of varied CSR projects in terms of both outcome assessment and financial monitoring. The CSR Committee shall also approve the CSR report to be included in the Directors' Report of the Company every year.

The Board shall be responsible for ensuring at least 2% is spent in each financial year. If the Company fails to expend CSR amount as required by the Act, the Board shall in specify the reasons for not spending the amount in it's Board Report.

### ***5.4 Impact Assessment / Evaluation of CSR***

In order to assess the impact of its CSR projects and the program, maximize outcomes and build-in sustainability, scalability and replicability, UGRO should undertake the following activities:

- Ensure that the projects/ the programs undergo concurrent and final evaluation;
- Engage credible third parties to undertake evaluation of all or selected projects/ the program.



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## **6 Things to Remember**

- UGRO is to act in a socially responsible at all times, even in the normal business activities. Business needs to be conducted in a manner that is beneficial to the business and the society.
- CSR policy of UGRO is applicable to all internal and external stakeholders (not only its employees), and its routine business operations and activities.
- The CSR policy & updates shall be displayed on the company's website.
- The activities undertaken in the normal course of business of a company shall not be included under CSR activities.
- 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.
- All administrative expenses including expenditure on wages and salaries, tours and travels, training and development of personnel deputed on CSR activities would be borne from CSR funds.
- Any CSR activity taken up for implementation is found not to be properly implemented, UGRO at its discretion may discontinue funding the project at any time during the course of implementation.
- The Company shall disclose amount of expenditure on CSR Activities in its Financial Statement.

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## **7 *Review of Policy***

The Board of Directors reserves its right to review and amend this policy to ascertain its appropriateness as per the needs of the company. Review shall be carried out at least once a year. In the event of any conflict between the provisions of this Policy and the Act or any other statutory enactments, rules, the provisions of the Act or statutory enactments, rules shall prevail over this Policy.

The Board may, subject to applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy.