	Subject: <b>Policy on Corporate Social Responsibility</b>	Original Issue Date: <b>4<sup>th</sup> November 2014</b>	Effective Date: 3 October 2016
		Revision/Review Dates: 3 October 2016 27 February 2015	Policy No.: <b>v1.0 of 2016</b>

## **Policy on Corporate Social Responsibility ('CSR')**

Issued by: **Clix Capital Services Private Unlimited**  
(Formerly known as GE Money Financial Services Private Limited)


Original Issue Date: November 04, 2014

Approved on: November 04, 2014

Current Review Date: October 3, 2016


Effective Date: **October 3, 2016**

By: Clix Capital Board

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### 1.1 Applicability

This policy applies to Clix Capital Services Private Limited (formerly known as GE Money Financial Services Private Limited).

### 1.2 Effective date

This policy is effective October 3, 2016.

### 1.3 Purpose

Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibilities) Policy, 2014 mandates any company which falls under any of the following criteria to adopt constitute a Corporate Social Responsibility (CSR) Committee, formulate a CSR Policy and spend minimum 2% of its average net profit during 3 immediately preceding financial years on CSR activities as prescribed in Schedule VII of the Companies Act, 2013:

- Net worth of Rs. 500 crores or more or
- Turnover of Rs. 1000 crores or more or
- Net Profit of Rs. 5 crores or more

The entities mandated by the Companies Act. 2013 are also required disclose details of CSR activities in their respective Board of Directors' report to the shareholders and display their CSR Policy on their entities' website, if any.


However the Companies which do not fall under any of the threshold mentioned above may also pursue CSR programmes and initiatives depending on business needs which may or may not be aligned to the activities mentioned in Schedule VII of the Companies Act, 2013, as amended from time to time.

### 1.4 CSR Policy of the Company: Women Empowerment: Strengthening & supporting Education, Skills and Employability, Enhancing access to quality Healthcare

The main objective of the CSR Policy is to lay down guidelines for the Company to make CSR as one of the key focus areas. The CSR Committee and/or the board of directors of the respective legal entities, depending on the mandate of the Companies Act. 2013, through a resolution in a meeting or through circular resolution shall adopt this policy together with the theme of Corporate Social Responsibility based on which the entity will spend on events / projects basis. The entities may collaborate or pool resources *inter se* to undertake CSR activities.

### 1.5 CSR Committee

#### Constitution

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Pursuant to the provisions of Section 135 of the Act, the Members of CSR Committee shall be appointed by the Board of Directors of the Company which must consist of at least two or more Directors. Members of the CSR Committee shall meet, at mutually decided time, as and when required by sending notice or e-mails in order to perform, decide and monitor the implementation of this CSR Policy.

### **Powers of the Committee**


Following are the Powers of the CSR Committee:

- (i) Formulate and amend, time to time, this CSR Policy and recommend the same to the Board of Directors of the Company for approval and adoption.
- (ii) To recommend and undertake such CSR activities as approved by the Board of Directors of the Company.
- (iii) To prepare and recommend the amount required for CSR activities.
- (iv) To monitor the implementation of CSR activities in terms if this CSR Policy.
- (v) To prepare and submit reports on the progress of CSR activities undertaken by the Company.

### **1.6 Board's Rights and Responsibilities**

**Following rights and responsibilities vests with the Board of the legal entity in connection with the CSR Policy and framework:**

- (i) Approving the CSR policy as formulated by the CSR Committee.
- (ii) Board shall have a right to disallow any amount allocated for CSR activities if the Company is not profitable and/or have accumulated losses.
- (iii) Board shall also have a right to disallow or defer any amount to be spent for CSR activities, if, as per Company's business plan or otherwise, Company is planned or expecting to incur huge capital expense in near future.
- (iv) To defer or disallow any or all amount allocated for CSR activities, if the Company has to incur any unexpected expense for any reason whatsoever, including but not limited to the reasons attributable to any regulatory or judicial decision, force majeure, civil riots, strike, lock-out or Company's business decision.
- (v) To make mandatory disclosures in the Company's Annual Reports and website, relating to CSR Committee members, Policy and the activities undertaken
- (vi) Ensuring annual reporting of CSR Policy and activities to the appropriate governmental authority as mandated by applicable law.

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## 1.7 Breaches Escalation and Exceptions

Breaches to the policy will need to be reported and approved by the CSR Committee of Directors and the Board of Directors of the legal entity.

Any exception to the policy will require Board of Directors approval.

## 1.8 Accounting Guidance

### 1. Quasi mandatory obligation

The concept of CSR is based on the principle of **'Comply or Explain'** and hence it is a quasi-mandatory obligation. In the event of any short spending of the CSR amount, such short spend needs to be disclosed & explained in the Director's report of the legal entity for the financial year in which such short spends have occurred.

### 2. Computation of Profit for CSR contribution

With respect to the CSR contribution, the profit needs to be computed as per section 198 of the Companies Act 2013.


### 3. Accounting process & Disclosure

#### 3.1 Expense Booking

- CSR expenses are like any other type of business expense.
- Such expense shall be booked in a manner such that they are easily identifiable in the books of accounts and readily retrievable (by nature of expense, by project etc.) when required for verification / reporting / audit / MIS purpose.
- CSR expenses would be accounted on the basis of actual spend.
- CSR activity expenses should be easily identifiable as the same is not allowed as deduction under Income tax act.
- It is recommended to follow any of the approach laid below for recording of transactions related to CSR depending on the ERP setup:
  - Open a separate expense account and use sub-accounts and flex fields to record expense by category/project etc. OR
  - Adopt a cost center approach to record expense by project.

#### 3.2 Accrual of CSR Liabilities

- Since CSR is a quasi – mandatory obligation, no accrual of eligible (as per section 135 of the Companies Act) CSR spends needs to be made in books of accounts at the beginning of the financial year or every quarter equivalent to the eligible (as per section 135 of the Companies Act) CSR spends.

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- No accrual would also be required in case there is any short spend on CSR at the end of the financial year. However, the same needs to be disclosed in the Director's Report (Refer Pt 1 above)
- In case you have incurred the expense / undertaken any CSR activities but remain unpaid then the same needs to be accrued as a liability in the books of accounts just like any other regular business expense.

### 3.3 Disclosure in Financial statements


CSR spend would be reported under 'Other Expenses' as a separate category in the 'Notes to Financial Statements'.

## 4. Audit responsibilities

Auditors would be performing necessary audit procedure similar to auditing any other expense head. They will also validate the end use and the Schedule VII (Companies Act 2013) category, under which spend has been incurred.

The list of Schedule VII categories are as under:

- eradicating hunger, poverty and malnutrition, promoting preventive health care including preventive health care and sanitation including contribution to the Swachh Bharat Khosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
- promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- 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;
- 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;

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- 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 project.

Explanation: For the purpose of this item, the term “slum area” shall mean 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.

### **1.9 Breaches Escalation and Exceptions**

Any deviation from the policy shall be reported and approved by the CSR Committee of the Company.

Any exception to the policy will require Board of Directors approval.