



ICRA LIMITED

Corporate Social Responsibility Policy

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1. **Objective**

In terms of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time, this policy on Corporate Social Responsibility of the Company has been formulated by the Corporate Social Responsibility Committee of the Company and approved by the Board of Directors vide its resolution dated January 29, 2015 (“**Policy**”)¹. This Policy shall act as a guideline for the Company for undertaking Corporate Social Responsibility (“**CSR**”) activities enumerated under Schedule VII of the Companies Act, 2013 and in particular for supporting local communities on a variety of socially desirable activities with a view to enable high impact of the same and to ensure visible and measurable outcomes of the funds deployed towards such activities.

2. **Scope**

The Policy pertains to all activities to be undertaken by the Company towards fulfilling its statutory CSR objectives.

3. **CSR Mission**

ICRA will focus its CSR efforts on supporting education including skill development as well as specific initiatives in the areas of special education and mental health.

It may, however, undertake and support projects/ programmes in the other areas as may be approved by its Committee that also are permissible activities as per the relevant provisions of the Act and the Rules.

The Committee would prepare a plan of action during the first quarter of every Fiscal Year (FY), which would include purposes/ programmes/ projects to be supported during that FY and the amount to be allocated for this purpose, which would also form part of the Policy for that FY subject to the approval of the Board.

4. **Board of Directors’ Role**

The Board of Directors (“**Board**”) of the Company would constitute and reconstitute the CSR Committee (“**Committee**”) as may be considered necessary, but subject to Article 4 hereunder. The following shall be the functions of the Board:

¹ modified vide Board resolutions dated March 31, 2015 and further amended vide Board resolutions dated August, 13, 2015.

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- (a) the Board shall, after due consideration, approve of any changes or amendments to the Policy;
- (b) disclose contents of the Policy in its report and also place it on the Company's website;
- (c) approve the projects and allocation of funds under the Policy;
- (d) ensure that the activities as are included in the Policy are undertaken by the Company;
- (e) ensure that the Company spends, in every financial year, at least 2% (two per cent) of the average net profits of the Company made during the 3 (three) immediately preceding financial years, in pursuance of its Policy;
- (f) ensure that the Company gives preference to the local area and areas around it where it operates, for spending the amount earmarked for the activities under this Policy;
- (g) delegate the powers to the officials of the Company for timely compliance with the applicable laws and rules; and
- (h) if the Company fails to spend the amount earmarked for the activities specified under this Policy, the Board shall, in its report made under the relevant provisions of the Companies Act, 2013, specify the reasons for not spending the amount.

5. CSR Committee's Role

In compliance with the requirements of the Companies Act, 2013 and the Rules made thereunder, the Company has constituted a CSR Committee (the "**Committee**").

The Committee shall consist of 3 (three) or more Directors of which, at least 1 (one) shall be an Independent Director. The functions of the Committee shall be as follows:

- (a) recommend any amendment to the Policy to the Board, which shall indicate activities that are in compliance with Companies Act, 2013 and the Rules made thereunder,
- (b) recommend projects to be undertaken as well as allocation of funds to the Board,
- (c) recommend the amount of expenditure to be incurred on the activities referred to in this Policy,

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- (d) monitor the implementation of the Policy from time to time and set up a transparent monitoring mechanism in relation to the same,
- (e) conduct an impact analysis once in two years and report the same to the Board,
- (f) submit an annual report to the Board.

The Committees/ Boards of Group companies of the Company may avail of assistance from individuals/ organizations, as they may consider necessary and appropriate, for the above purposes and also may, in due course, install a regular structure/ system for project/ programme identification, disbursement of funds and monitoring, including looking into the desirability and feasibility of setting up of ICRA Foundation by way of a registered trust or a registered society or a charitable company or otherwise for this purpose.

The engagement of the employees of the Group companies of the Company on a voluntary basis would also be encouraged.

6. CSR Expenditure

The Company shall spend at least 2% of average net profits earned during every block of three years, on activities permissible under the Companies Act, 2013 pursuant to the Policy. The term “average net profit” shall be calculated in accordance with the provisions of Section 198 of the Companies Act, 2013.

CSR expenditure shall include all expenditure incurred by the Company including contribution to corpus for projects or programmes relating CSR activities approved by the Board on the recommendation of the Committee, in accordance with this Policy as well as the Companies Act, 2013 but shall 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 activities, if any, will not be considered as a part of the business profits of the Company.

The CSR projects or programmes or activities undertaken in India only shall amount to CSR expenditure.

The Company may build CSR capacities of its own personnel through institutions with established track records of at least three financial years but such expenditure shall not exceed 5% (five percent) of the total CSR expenditure of the Company in one financial year.

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7. Implementation

The Board would specify the activities, fund allocation for such activities and monitoring and reporting mechanism.

The CSR activities will be undertaken in areas identified by the Committee in compliance with the Companies Act, 2013 and with the approval and in accordance with the Policy and processes laid down by the Board in this regard.

This Policy may also be implemented through contributions to not-for-profit organizations (that are deemed eligible as per Schedule VII of the Act) for approved CSR projects/ programmes that the Board may decide to finance within the CSR expenditure. Such entities and projects shall be supported after ascertaining the credibility of the agency and its track record in implementing projects.

Funds would be disbursed either in tranches or as one-time payment. The terms, conditions and timing of disbursement would be conditional upon the nature and requirement of the CSR project or programme.

The Company may collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the Committees of respective companies are in a position to report separately on such projects or programmes in accordance with the Companies Act, 2013.

The CSR projects or programmes or activities that benefit only the employees of the Company and their families shall not be considered as CSR activities.

Contribution of any amount directly or indirectly to any political party under the provisions of the Companies Act, 2013 shall not be considered as CSR activity.

8. Monitoring

The Committee shall ensure a transparent monitoring mechanism for implementation of the CSR activities undertaken by the Company.

The Committee and the Board shall review the progress of CSR activities at least once a year.

9. Disclosure

Company shall include in its Annual Report, starting with the Annual Report for 2014-15, the following information:

- (a) An overview of the CSR activities;
- (b) The composition of the Committee;

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- (c) Average net profit for the last three financial years;
- (d) Prescribed expenditure for CSR activities;
- (e) Details of the amount spent during the financial year including total amount to be spent for the financial year, amount unspent if any, manner in which the amount spent during the financial year in the prescribed format;
- (f) In the event that the requisite sum (at least 2% of the Company's average net profits made during every block of three years, on activities permissible under the Companies Act, 2013 in pursuance of the Company's Policy) is not spent in any given year, the reasons for the same shall be specified in the Board's Report;
- (g) Responsibility statement of the Committee that the implementation and monitoring of the Policy is in compliance with the objectives of the Policy.

The above information shall also be displayed on the Company's website.

The Group companies of the Company would also be encouraged to adopt CSR Policies on similar lines.
