

CORPORATE SOCIAL RESPONSIBILITY POLICY
(CSR Policy)



NATIONAL MINORITIES DEVELOPMENT
AND FINANCE CORPORATION

Reg. office: First Floor, Core-1, Scope Minar, Laxmi Nagar, Delhi - 110092

**CORPORATE SOCIAL RESPONSIBILITY POLICY OF
NATIONAL MINORITIES DEVELOPMENT AND FINANCE CORPORATION
FRAMED UNDER SECTION 135 (3) (A) OF THE COMPANIES ACT, 2013.**

I) INTERPRETATIONS

For the purposes of this Policy, references to the following shall be construed as:

1. "Corporate Social Responsibility" or "CSR" shall mean the activities intended to be taken up as mentioned herein to achieve and further the Company's Vision.
2. "Corporate Social Responsibility Committee" or "CSR Committee" shall mean a committee consisting of atleast 3 Directors.
3. National Minorities Development and Finance Corporation (hereinafter called the "the Company")
4. "CSR Policy" shall mean the contents of this policy document including any amendments made by the Board of Directors of the Company.
5. "Net Profits" shall mean the net profit before tax of the Company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely:
 - a) Any profit arising from any overseas branch or branches of the Company, whether operated as a separate company or otherwise;
and
 - b) Any dividend received from other companies in India, which are covered under and complying with the provisions of Section 135 of the Companies Act, 2013.
6. "Priority Projects" shall mean such CSR projects which are selected by the CSR Committee to be pursued by the Company.
7. "Total CSR Spend" shall mean (2%) of the average Net Profits of the last 3 Financial Years in relation to the Financial Year in question.

II) GUIDING PRINCIPLES

The Company and its people are committed to protect society, ecology and environment. The Company also realizes that caring for the society, country and the planet is not philanthropy or generosity – it is the very way of doing sustainable business. The Company realizes that it is not being generous by following the CSR Policy – it is only being relevant and meaningful to the society of which we are a corporate citizen.

a. Vision

The Company through its CSR initiatives will also aim at "changing lives in pursuit of collective development and environmental sustainability". This vision should encompass all CSR activities of the Company.

b. Mission

The Company through its CSR initiatives will also aim to pursue initiatives directed towards enhancing welfare measures of the society based on long term social and environmental consequences of the CSR activities. Within the above mission, the CSR Committee will choose priority projects from time to time.

The objective of this Policy is not only to guide the Company and its people to indulge in social activities but also to integrate the business processes with social processes. The Company believes that CSR Policy is the Company's faith in socially inclusive and sustainable business as a way of doing business.

c. CSR Objectives:

1. The Company will lay focus on CSR activities specially on communities in and around areas where notified minorities districts are located or where minority clusters are located. NMDFC is committed to allocate significant part of its CSR Budget for these local Communities.
2. The Company will implement CSR activities to empower weaker, less privileged and marginalized sections of the society to create Social Capital.

III) GENERAL POLICIES

The policies to be pursued by the CSR Committee are as follows:

1. The Company recognizes that a good CSR policy embraces all aspects of sustainable development and the way the Company affects people through its business operations.
2. The Company recognizes that CSR is not all about spending – it is orientation of the Company and its people to larger social causes. The Company encourages its stakeholders to contribute to its CSR efforts in every possible way.
3. The Company realizes that one of the most important parameters for a socially responsible corporate citizen is to carry on business in accordance with principles of sustainability, balance and equity. The Company will always strive to align its business interests with those of the society in general, ecology and environment. The Company further encourages any stakeholder or any member of the public to make thoughtful suggestions, addressed to Chairperson of the CSR Committee, for sustainable business practices.
4. The Company shall strive to enhance corporate value by achieving a stable and long term growth for the benefit of stakeholders.
5. The Company respects and honours the human right of people involved in its business and, in particular, does not use or tolerate any form of force or child labour.

IV) CSR PROJECTS

1. The Company will encourage voluntary efforts of its Directors and employees to CSR projects. The Company also encourages its Directors and employees to recommend to the CSR Committee meaningful projects in accordance with the guiding principles that may be taken up by the Company under the supervision of the CSR Committee.

2. In addition to the projects that may be taken up by the Company directly, the Company may also collaborate with other companies or entities, including its group companies, to carry out any CSR projects, in accordance with this Policy.
3. The investment in CSR projects shall be project based with specific time frames.
4. As far as possible, the Company shall strive to create self-sustainability in its CSR efforts, i.e. to say, over a long run, a CSR project should be able to generate sufficient resources, whether by way of profits or by way of a regular flow of contributions, so that it does not have to depend on the company's contribution on a regular basis.
5. The progress of all CSR projects, including the spending thereon, shall be periodically reviewed by the CSR Committee.

V) MANNER OF SELECTION AND EXECUTION OF CSR PROJECTS

1. A CSR project may be selected by the CSR Committee, either based on its own discretion, or based on recommendation by Internal Level CSR Committee or by any stakeholder as mentioned above. The CSR Committee will accord priority to projects in the areas covered by priority projects.
2. The CSR Committee, after identifying and approving a CSR Project, may fix a target spending, and direct the CSR Internal Level Committee to carry out the execution thereof.
3. The CSR Committee shall periodically monitor and evaluate the performance of the Projects and the achievement of targets.

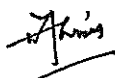
VI) PRIORITY PROJECTS

The Company would identify the Priority Projects from the list enclosed as Annexure-I. Notwithstanding the listing of the Priority Projects, the CSR Committee may accept CSR Projects falling within the areas above, at its discretion. Priority would be given to the short term projects in comparison to long drawn projects. Further, a cap of not more than 10% of an available fund to a single event and not more than 2 CSR projects by any agency in a year, is to be ensured.

VII) CARRYING OUT OF CSR PROJECTS THROUGH EXTERNAL AGENCIES

In case the CSR Committee decides to execute a CSR Project through an external agency, such as a Trust, Society, NGO, State Channelising Agency (SCA) of NMDFC or Section 8 Company ("Agency"), it would adhere to the following guiding principles:

1. The Agency must be eligible for carrying the CSR Project, and must have track record in carrying similar project for a period to the satisfaction of the Committee, but not less than 3 years.
2. The Committee shall provide specific Project agenda, targets, target spending, accomplishments, manner of execution etc. to the Agency, subject to discussions with the Agency.



3. The disbursement of funds to the Agency must be done on a progressive basis so as to align with the funding needs of the Project, and to permit the evaluation of the activity carried so far. The Agency must provide periodical reports, to the satisfaction of the Committee, about execution of the Project.
4. While identifying the project, the external agency who would execute the same would be identified by internal level committee on case-to-case basis and meet the minimum criteria as laid down by the CSR Committee.

VIII) INTERNAL LEVEL CSR COMMITTEE

1. The Chairman-cum-Managing Director (CMD) will constitute an Internal Level CSR Committee consisting of a specified number of whole time employees of the Company, who, in addition to their regular duties, will come forward to contribute to the Company's CSR initiatives.
2. The Internal Level CSR Committee would further be actively involved in implementation of projects in accordance with the guiding principle and general policies as consented by the CSR Committee.
3. The members of Internal Level CSR Committee may work independently or in partnership with any eligible trust(s), NGO(s) or other organization(s) as approved by the CSR Committee.

IX) COMPETENT AUTHORITY

Subsequent to assessment and suitability of the individual proposal, recommendation of the CSR Committee will be forwarded for approval for taking up, execution, disbursement, etc. as mentioned hereunder:-

1. All proposals of individual value of up to Rs. 10.00 Lakhs, falling within the CSR budget approved by the Board would first be examined by the Internal Level CSR Committee and would require approval of the CMD. Such proposals should be thereafter submitted to Board for information.
2. Beyond the applicable cap in the CSR guidelines in exceptional cases, the proposals of individual value of more than Rs. 10.00 Lakhs and up to Rs. 50.00 Lakhs, falling within the CSR budget approved by the Board would be first examined by the Internal Level CSR Committee. The proposals would then be referred to the CSR Committee of the Board for their concurrence. The proposals concurred by the CSR Committee would require approval of the Board of Directors.
3. Beyond the applicable cap in the CSR guidelines in exceptional cases proposals of individual value of more than Rs. 50.00 Lakhs, falling within the CSR budget approved by the Board would be first examined by the Internal Level CSR Committee. The proposals would thereafter be referred to the CSR Committee of the Board for their concurrence. The proposals concurred by the CSR Committee would require recommendation of the Board which would be furnished for approval of the Government.

X) MONITORING AND EVALUATION

1. The Committee shall seek financial statements and reports from the Internal Level CSR Committee on each project on a case to case basis.
2. The Committee shall discuss the progress of each project undertaken and make any decision with respect to the project which it thinks fit.
3. Atleast one member of the Committee shall have financial knowledge and ability to read financial statements.
4. Where, after the adoption of this Policy by the Board of the Company, the Committee requires further funds for undertaking any new CSR projects, the Committee shall request the Board of the Company to approve such higher amounts.
5. Where there is any surplus fund lying in the "Expenditure for CSR Account" (which need not be maintained as a separate fund, but merely an accounting reserve), the same shall not be considered as part of the business profits of the Company. Such surplus shall be carried forward to the next financial year, under CSR head.
6. Where the Internal Level CSR Committee has failed to spend the allocated amount or failed to meet the timeline for execution of its projects, the CSR Committee shall furnish to the Board the reasons for the same.
7. The Company will review the Policy from time to time based on the changing requirements of the target beneficiaries and to make such modification(s), as may be deemed necessary.
8. **CSR Reporting in Annual Report:** The Company shall report the details of the CSR initiatives in the Directors' Report and on the website of the Company in the prescribed format (enclosed at Annexure-II) as per the provisions of Section 135 (1), (2) and 469 of the Companies Act, 2013.

Place: New Delhi

Date: 19th September, 2018


Chairperson of the CSR Committee

List of activities that may be taken up by the Company as its Priority Projects –

- a) eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water including contribution to the Swachh Bharat Kosh;
- b) promoting education including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- c) 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;
- d) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water;
- e) 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;
- f) measures for the benefit of armed forces veterans, war widows and their dependents;
- g) training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
- h) 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;
- i) contribution or funds provided to technology incubators located within academic institutions which are approved by the Central Government;

FORMAT OF THE ANNUAL REPORT ON CSR ACTIVITIES*(Also forming part of 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 were undertaken	Amount outlay (budget) project or program-wise	Amount spent on the projects or programs Sub-heads: 1)Direct expenditure on projects or programs 2)Overheads:	Cumulative expenditure upto the reporting period	Amount spent ; Direct or through implementing agency
1							
2							
	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/- (Chairman, CSR Committee)	Sd/- (Member, CSR Committee)
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