



## QUANTUM ADVISORS PRIVATE LIMITED

### Corporate Social Responsibility Policy

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## I. CONCEPT AND VISION

The Company intends to make a positive difference to society and contribute its share towards the social cause of betterment of society and area in which companies operates. The Company also believes in the trusteeship concept. This entails transcending business interests and working towards making a meaningful difference to the society.

In this regard, the Company has made this policy which encompasses the Company's philosophy for delineating its responsibility as a Corporate Citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of the community at large and titles as the "Corporate Social Responsibility (CSR) Policy" which is based as per the Companies Act, 2013 and Companies (Corporate Social Responsibility) Rules, 2014, as amended from time to time.

This policy has been formulated and recommended by the CSR Committee and adopted by the Board of Directors at its meeting held on May 21, 2014. The Board may, upon recommendation of the CSR Committee, amend or modify this CSR Policy as and when necessary.

## II. DEFINITIONS

- "Act" means the Companies Act, 2013 (18 of 2013);
- "Administrative overheads" means the expenses incurred by the company for 'general management and administration' of Corporate Social Responsibility functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme;
- "Board" means Board of Directors of the Company;

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- “Corporate Social Responsibility (CSR)” means and includes but is not limited to
  - 1) Projects or programs undertaken to activities specified in Section 135 to the Companies Act, 2013; or
  - 2) Projects or programs relating to activities undertaken by the Board of Directors of the Company in pursuance of the recommendation of the CSR Committee and approved by the Board as per this policy;
- “CSR Committee” means Corporate Social Responsibility Committee constituted by the Board pursuant to section 135 of the Companies Act, 2013;
- “CSR Policy” means a statement containing the approach and direction given by the board of a company, taking into account the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan;
- “Company” means Quantum Advisors Private Limited;
- “Net Profit” means the net profit of the Company as per its financial statement prepared in accordance with the applicable provisions of the Companies Act, 2013, but shall not include the followings, namely -
  - 1) Any profit arising from any overseas branch or branches of the Company, whether operated as a separate company or otherwise, and
  - 2) Any dividend received from other companies in India, which are covered under complying with the provisions of section 135 of the Companies Act, 2013;
- “Ongoing Project” means a multi-year project undertaken by a Company in fulfilment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced, and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the board based on reasonable justification;
- “Rules” means Companies (Corporate Social Responsibility) Rules, 2014, as amended from time to time.

Words and expressions used in this policy and not defined herein but defined under the Companies Act, 2013 shall have the same meanings respectively assigned to them.

**III. CONSTITUTION, COMPOSITION AND SCOPE OF CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (“CSR COMMITTEE”)**

**(a) Constitution and composition of the CSR Committee**

Pursuant to section 135 of the Companies Act, 2013, the Board of Directors of the Company has constituted the CSR Committee.

The CSR initiatives/activities of the Company will be identified and initiated by the CSR Committee, which shall comprise of at least two Directors out of which, at least one Director shall be an Independent Director, if the Company has appointed an Independent Director as per the provisions of Section 149 of the Companies Act, 2013.

The members of the CSR Committee shall elect one of them as the Chairman of the Committee. The Committee shall meet at least once every calendar quarter with a maximum interval of one hundred and twenty days between any two consecutive meetings of the Committee, such that at least four Meetings are held in each Calendar Year.

The Committee members shall disclose their interest, if any, in the NGO or the CSR projects while considering any proposal for the CSR activity.

The CSR Committee will ensure that the activities undertaken by the Company are as per section VI of this Policy, subject to and in accordance with the provisions of section 135 of the Companies Act, 2013

The composition of CSR Committee shall be disclosed in the Board’s report.

**(b) Scope of the CSR Committee**

The CSR Committee has been set up to:

- 1) Formulate and recommend to the Board, the amount of expenditure to be incurred by the Company
- 2) Identify and initiate the CSR initiatives and activities of the Company that are approved by the Board from time to time and to be undertaken in the areas specified in Schedule VII of the Act.
- 3) To prepare an annual action plan in pursuance of the CSR policy of the Company , including the following:
  - i. the manner of execution of such projects or programmes as specified in sub-rule (1) of Rule 4;

- ii. the modalities of utilisation of funds and implementation schedules for the projects or programmes;
- iii. monitoring and reporting mechanism for the projects or programmes; and
- iv. details of need and impact assessment, if any, for the projects undertaken by the company

#### **IV. GUIDELINES FOR IDENTIFICATION OF THE CSR PROJECTS**

- a. The Act provides that the Company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility. The Company will thus give preference to conduct CSR activities in the state of Maharashtra wherein the Company has its operations. However, the CSR Committee may identify such areas other than stated above, as it may deem fit, and recommend it to the Board for undertaking CSR activities. Also, the CSR activities undertaken in India only will be taken into consideration, to satisfy the requirement of section 135 of the Companies Act, 2013.
- b. The CSR Committee should also consider the following criteria while selecting the CSR projects:
  - (a) scalability of the project;
  - (b) whether the outcome of the project is measurable;
  - (c) whether the project is an ongoing project.
- c. The CSR Committee shall ensure that the CSR initiatives / activities undertaken by the Company are not biased towards any religion or community or ethnic group.

#### **V. GUIDELINES FOR TREATMENT OF UNSPENT AMOUNT BY THE COMPANY:**

##### **i. Where the unspent amount pertains to 'ongoing project'**

- a. Transfer such unspent amount within 30 days of the end of the Financial Year in a separate bank account called as 'Unspent CSR Account' and utilize the same for an ongoing project.
- b. Where the amount remains unspent even after three years, the same shall be transferred to any fund as per Schedule VII of the Act within six months from the end of that Financial Year.

##### **ii. Where the unspent amount pertains to other than the 'ongoing project'**

The CSR Committee shall ensure that the unspent amount shall be transferred to

any of the funds as provided under the Schedule VII of the Act within six months from the end of that financial year.

## **VI. CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES**

The Company shall endeavour to reach out to underprivileged and underserved communities to address fundamental challenges of our society and shall focus on the following areas which are aligned to Schedule VII to the Companies Act, 2013, as recommended by CSR Committee and with necessary approval of the Board:

1. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
2. Strengthening rural areas by improving accessibility, drinking water, sanitation, power and livelihoods, thereby creating sustainable villages.

Provided that, the CSR projects and programs or activities that benefit only the employees of the Company and their relatives shall not be considered as CSR activities.

The Company may collaborate with other corporates having the similar interest in the projects funded by the Company.

## **VII. IMPLEMENTATION AND RESOURCES FOR THE CSR ACTIVITIES**

- a) For achieving its CSR initiatives and activities through implementation of meaningful & sustainable CSR programs, the Company needs to allocate, in every financial year, at least 2% (two per cent) of the average net profit made by the Company during the three immediately preceding financial years.
- b) The average net profit of the Company shall be calculated in accordance with section 198 of the Companies Act, 2013.
- c) Any amount in excess of the statutory obligation of 2% of the average Profit Before Tax for the past three years shall require prior approval of The Board and HWIC Asia Fund Class Q.
- d) In case, in any Financial Year the Company has spent more than its CSR obligation, the Company is eligible to set off the excess amount up to immediate succeeding three financial years, subject to following conditions that:
  - i. the excess amount available for set off shall not include the surplus arising out of the CSR activities;
  - ii. the Board of the company shall pass a resolution to that effect.

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- e) Managing Director will have the authority to approve the re-allocation of funds among the approved projects or budget line items/heads of an approved project within the overall CSR budget approved for the same Financial Year, provided such re-allocation in a Financial Year does not exceed a cumulative value of INR 500,000/- (Rupees Five Hundred Thousand only), above which approval of the CSR Committee will be required to sanction the amount.
- f) The scroll of the projects approved, the disbursements made and pending shall be placed before the CSR committee at every meeting.
- g) In case the Company fails to spend such allocated amount other than amount allocated in respect of the on-going project, the Board shall specify the reasons for not spending the prescribed amount in the Board's Report prepared under Section 134 of the Companies Act, 2013.
- h) The surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of the Company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.
- i) The CSR expenditure shall include all expenses including contribution to corpus for projects or programs relating to CSR activities approved by the Board on the recommendation of CSR Committee and administrative overheads, which shall not exceed five percent of total CSR expenditure of the company for that financial year, but should not include any expenditure on an item not in conformity or not in line with the activities which fall within the purview of Schedule VII of the Act.
- j) The modalities of the execution of the CSR projects or programs and their implementation along with the monitoring process of such projects or programs will be as decided by the CSR Committee from time to time.
- k) The Company can appoint expert agencies, consultancy firms etc., wherever required to carry out the CSR activities for guidance on project design and implementation, due diligence of implementation partners, impact assessment surveys etc.
- l) The Company can either on its own or through \*external agency may carry out CSR activities. Such external agency shall register itself with the Central Government by filing the form CSR-1 electronically with the Registrar.

\*External agency shall mean any of the following entity:

- a. a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company, or

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- b. 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
  - c. any entity established under an Act of Parliament or a State legislature; or
  - d. a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.
- m) CSR fund may be spent for creation or acquisition of a capital asset, which shall be held by a Section 8 Company, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number or beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or a public authority.
- n) The CSR Committee can form the CSR Team and the roles and responsibilities of the Team will be as follows:
- i. To seek guidance from the CSR Committee regarding policy, budget and implementation guidelines.
  - ii. To assist CSR Committee in drawing up annual action plan with relevant details.
  - iii. To spread awareness regarding the approved CSR policy and place it on the website.
  - iv. To recommend projects to be undertaken during the financial year to the CSR Committee.
  - v. To recommend targets and timelines for implementation of developmental initiatives.
  - vi. To apprise CSR Committee with the project performance and status of CSR expenditure once every quarter.
  - vii. To facilitate effective implementation of CSR plan across sectors and regions.
  - viii. To document and report all CSR activities of the Company in pursuit of the Companies Act and the CSR Rules.
  - ix. To establish an accounting system to ensure proper accounting of CSR spends.



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- x. To monitor progress on CSR projects and CSR spend that is aligned with the requirements of the applicable provisions of the Companies Act 2013 and the rules made thereunder, and report to the CSR Committee at regular intervals.

**VIII. CSR REPORTING**

An Annual CSR Report and plan will be included in the Directors Report within the Annual Financial Statement of the Company and will be placed before the CSR Committee and the Board for approval at the end of every financial year. The report will adhere to the requirements of Section 135 of the Companies Act, 2013 and the rules thereunder and as may be amended from time to time.

**IX. AMENDMENTS TO THE POLICY**

The Board shall review and amend this Policy as and when required. Any subsequent amendment/modification in the regulation and/or other applicable laws in this regard shall automatically apply to this policy and shall be updated to the Board annually at the time of review of the policies of the Company.