

Mercator Limited

Corporate Social Responsibility Policy

1. Introduction:

Companies Act 2013 has brought many new terms, regulations and procedures on; the way business in India is to be carried out. Mercator Limited (ML) welcomes the new approach and business avenues that come with the amended legislation. Socially responsible investments, better known as ‘Corporate Social Responsibility’ (CSR) in India have been a 9 year old proud exercise at ML along with its business ventures. ML has been implementing the socially beneficial initiatives directly and/or through the aegis of Prem Punita Foundation. ML, as a corporate is committed to “creating best solutions and offering outstanding value and services to its customers”.

2. Legislation:

Adhering to Sec. 135 of the Companies Act 2013, ML binds itself to this CSR Policy in its true spirit and approach, aiming for a better, self-sufficient society. A CSR Committee comprising of following members has been constituted to plan, approve the operational procedures and supervise/monitor implementation of CSR policy.

| Sr. No. | Name of CSR Committee Member | Designation |
|----------------|-------------------------------------|--|
| 1 | Mr. H. K. Mittal | Chairman, CSR Committee Executive Chairman, ML. |
| 2 | Mr. M. M. Agrawal | Member, CSR Committee Independent Director, ML. |
| 3 | Mr. Gunender Kapur * | Member, CSR Committee Independent Director, ML. |

(* Inducted as a Member in the Committee vide Circular Resolution passed by the Board of Directors on 10th January, 2017)

ML’s annual report shall disclose the composition of the Corporate Social Responsibility Committee as above.

ML will align its CSR activities to all the directives mentioned in the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The CSR policy may be amended and/or revised to suit the applicable laws from time to time as deemed fit by the CSR committee and/or Board of Directors.

3. Role of CSR Committee:

- 3.1 The CSR Committee of ML has formulated and the Board has approved, this Corporate Social Responsibility Policy, which indicates the activities to be undertaken by the company as specified in Schedule VII of the Companies Act 2013;
- 3.2 The CSR Committee will recommend and the Board of Directors will decide the amount of expenditure to be incurred on the activities from time to time.

- 3.3 The CSR committee will monitor the implementation of Corporate Social Responsibility Policy of the company as per laid down guidelines.

4. Philosophy:

ML considers 'Society' as its prime umbrella stakeholder which includes most of its business stakeholders, partners, clients, Govt. departments and individuals at par. While we do business in this very society, we consider it our 'conscientiousness' to share not only our financial profit but our time, management strategies and skilled employees' man-hours. We feel privileged in bringing about intuitive and sustainable changes in the lives of less privileged to enable and bring them up to better conditions of living. We firmly believe that 'Education' is one prime factor which can actualise much desirable upgrades in one's life. 'Skill-building' being next point on our agenda, we look forward to providing career opportunities, personal safety and coherent development to each individual we come in contact with towards being a better 'person'.

5. Programs/Projects:

ML would draft, execute, supervise and evaluate socially beneficial projects not only limited to but inclusive of the following areas:

- 5.1 **Project Prem Pravah:** To support individuals, groups, education institutions, vocational training institutes through the means of financial assistance and /or materials as deemed fit by the committee.
- 5.2 **Project Prem Sarita:** Poverty alleviation program through self-help groups and awareness about governmental schemes.
- 5.3 **Project Prem Sukhada:** Betterment of Health conditions of beneficiaries through medical check-up, mobile medical van, awareness programs on health concerns.
- 5.4 **Project Prem Kshamata:** Skill-based training program such as spoken English, personality development, self-defence for eligible and interested candidates from virtually adopted communities.
- 5.5 **Project Prem Sagar:** Job – oriented training in the field of Retail Management, house-keeping, hospitality and skilled jobs such as gardener, welder, fitter, electrician, plumber etc.
- 5.6 Any other project as deemed appropriate by the CSR committee.

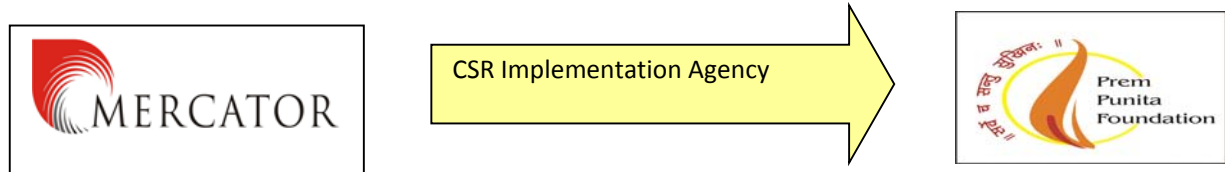
ML has appointed M/s. Prem Punita Foundation Trust as an implementation agency for the execution of above programs. Prem Punita Foundation will be asked to submit relevant projects in due course for approval of the CSR Committee.

6. Implementation:

ML will continue to work with Prem Punita Foundation as its implementation agency for CSR activities. Prem Punita Foundation is a Mumbai based Non-government organization (NGO) registered in the year 2005 under Bombay Public Trust Act 1950. The Foundation is implementing individual oriented as well as community based social welfare initiatives

for last 4 years. Educational empowerment of needy candidates and work with women & children are key focus area of the Foundation.

As laid down in the new enactment, the CSR committee will supervise and monitor the activities along with utilization of funds thereon.



- 6.1 ML will establish a monitoring system to ensure that the allocation of funds is spent on the intended purpose only.
- 6.2 ML may appoint a person of sufficient seniority to monitor the use of funds allocated for CSR activities.
- 6.3 Monitoring will be done on quarterly basis.
- 6.4 Monitoring report will be submitted to the Chairman of CSR committee.
- 6.5 ML will not contribute any amount directly or indirectly to any political party. Any such contribution will not be considered as CSR activity
- 6.6 The CSR projects or programs or activities that benefit only the employees of ML and their families will not be considered as CSR activities in accordance with section 135 of Companies Act, 2013
- 6.7 ML shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities.
- 6.8 The implementing agency Prem Punita Foundation will maintain a separate book of accounts pertaining to funds received from ML and spent by it for various Projects/Purposes as per instructions of ML
- 6.9 This policy will be displayed on website of ML & shall form part of the Annual Report of the Company.

7. Financials:

- 7.1 ML will ensure that in pursuance of its Corporate Social Responsibility Policy, it spends, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years, or such other amount s may be prescribed. In case of inadequate profits; the Board of Directors will decide the amount of spending.
- 7.2 Project costs estimates will be allocated at the beginning of each financial year and approved by the Board of Directors.

- 7.3 The gap, if any, between the project costs and availability of funds will be bridged through the means of raising funds from individuals, groups, Government departments and / or other such organizations.
- 7.4 All the expenses carried out for CSR programs will be properly accounted in separate 'CSR expense book' as per accounting methods and will be reported in the prescribed format. The accounts department of ML will be responsible for maintaining the books on CSR activities for the amounts directly spent by Mercator. In the case of execution of projects by the implementing agency; such Agency shall be responsible to maintain the individual separate account of such CSR expenses and provide the details to Mercator from time to time as may be required.
- 7.5 The accounts will be subject to usual audit by Mercator's auditors from time to time.

8. Corpus Fund:

- 8.1 The corpus would include the following:
- (a) 2% of the average net profits (before taxes) of ML during the three immediately preceding years, or such amount required to be contributed by Mercator as per extent applicable legal provisions.
 - (b) Any income arising there from
 - (c) Surplus arising out of CSR activities.
- 8.2 Surplus arising out of the CSR activity will not be part of business profits of ML.
- 8.3 Carrying forward the unspent funds in next financial year will be as per the directions from the Income Tax Department or any other competent govt. directions.

The foregoing will form broad initial guidelines for CSR activities of ML and are subject to amendments as and when required.