

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, 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.

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 provision of Section 135 of the Companies Act 2013, and 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 well as to reflect the Company’s focus areas within the statutory framework, as may be as deemed fit by the CSR Committee and/or Board of Directors.

3. Role of CSR Committee:

- 3.1 This Corporate Social Responsibility Policy, as modified from time to time, which indicates the activities to be undertaken by the company as specified in Schedule VII of the Companies Act 2013; has been formulated by the CSR Committee of ML and approved the Board,
- 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. Based on our experience over a period of time in implementing our CSR activities, we have broad based our focus now to cover one or more of the activities mentioned herein below for CSR spending of ML, which ML would consider from time to time in order to contribute towards wellbeing of the Society.

5. CSR Activities:

ML shall undertake any one or more of the following activities:

- 1) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.
- 2) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- 3) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
- 4) 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 4[including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga].
- 5) 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 art and handicrafts;
- 6) training to promote rural sports, nationally recognised sports, paralympic sports and olympic sports
- 7) contribution to the prime minister's national relief fund or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;

- 8) contributions or funds provided to technology incubators located within academic institutions which are approved by the central govt.
- 9) rural development projects
- 10) In addition to the above, contribution may be made to the Prime Minister's National Relief Fund or such other Funds as may be and to the extent permitted from time to time.

6. Implementation:

ML may implement its CSR activities either through Prem Punita Foundation, or other external implementing agencies or registered Trust or registered Foundations or registered Society or Section 8 Company, or through other permitted entities, or may undertake CSR activities directly itself, or may do it in one or more combination of the above ways, as may be permitted.

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 Any amount directly or indirectly contributed by ML to any political party will not be considered as CSR activity
- 6.6 The CSR projects or programs or activities that benefit only the employees of ML/its subsidiaries/associates and their families will not be considered as CSR activities in subject to provisions of 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 will maintain a separate book of accounts pertaining to funds received from ML and spent by it for various Projects/Purposes/activities as per instructions/suggestions of ML
- 6.9 This policy will be displayed on website of ML & shall form part of the Annual Report of the Company.; and other disclosures in this regard may be made to comply with prevailing statutory provisions in this regard.

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 as may be prescribed. In case of inadequate profits or liquidity problems the Board of Directors will decide the amount of spending, subject to the applicable provisions of the Companies act, 2013.
- 7.2 Project/Programmes/Activities costs estimates will be allocated from time to time as may be approved by the Board of Directors.
- 7.3 The gap, if any, between the project/programmes/activities costs and availability of funds may 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 Subject to applicable legal provisions, 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 applicable statutory provisions and directions from the appropriate authority or any other competent govt. directions.

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