

SDB DIAMOND BOURSE

CORPORATE SOCIAL RESPONSIBILITY POLICY



1. PREFACE

SDB Diamond Bourse is formed with the object to promote, develop, encourage, provide and protect the Diamonds, gems & Jewellery trade and Industry by establishing a Surat Diamond Bourse. The Company believes in **"Looking beyond business"** and strives to create a positive impact on the communities it serves and on the environment. One of the objects of the company is to provide single roof which design is based on "Green Building Concept" for doing business of Diamond & Jewellery trading. The Company believes that the community and society are also the reasons for the survival and existence of Business and is committed to leave deeper imprint on the society as whole. The Directors of the company were and are engaging in so many philanthropy activities in different fields and now first time in India philanthropy activities has been guided by statutory force by section 135 of the Companies Act, 2013 (hereinafter referred as "the Act"). In case of our Company and its directors, who never lost their sight of commitment towards the Society and believes in giving back to the society.

2. OBJECTIVE

The Objective of the policy is to improve quality of life for all our communities through integrated and sustainable development in every possible way.

3. CONSTITUTION OF CSR COMMITTEE

In terms of section 135 of the Companies Act, 2013 and the Rules made thereunder, Board of Directors of the Company at its meeting held on 13th September, 2017 has constituted a CSR Committee and the following are its members;

Sr. No.	Name	Status	Designation
1.	Vallabhchai Patel	Director	Chairman
2.	Manubhai Davariya	Independent Director	Member
3.	Mathurbhai Savani	Director	Member

The CSR Committee to, inter alia, carry out the following functions;

- a. To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 and the rules made thereunder.
- b. To recommend the amount of expenditure to be incurred on the CSR activities.
- c. To monitor the implementation of framework of CSR Policy.
- d. To carry out any other function as mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable, necessary or appropriate for performance of its duties.



4. DEFINITIONS

The terms defined in this CSR Policy shall have the meanings herein specified and terms not defined shall have the meanings as defined in the Companies Act, 2013 and Companies (Corporate Social Responsibility) Rules, 2014 including any statutory modifications or re-enactments thereof.

- 4.1 **"Act"** means the Companies Act, 2013 including any statutory modification or re-enactment thereof.
- 4.2 **"Average Net Profit"** means profit calculated as per Section 198 of the Companies Act, 2013.
- 4.3 **"Board"** means the Board of Directors of the Company.
- 4.4 **"Board's Report"** shall mean report of the Board of Directors prepared in accordance with section 134(3) of the Companies Act, 2013.
- 4.5 **"Company"** means SDB DIAMOND BOURSE.
- 4.6 **"CSR"** means Corporate Social Responsibility.
- 4.7 **"CSR activities"** means the activities or projects or programmes as recommended by the CSR Committee and approved by the Board, undertaken by the Company from time to time in any one or more of the areas falling under the Schedule VI to the Companies Act, 2013.
- 4.8 **"CSR Committee"** means the Committee of the Board constituted under section 135 of the Act for the purpose of administration of CSR activities, supervising the adherence of this CSR Policy and the matter incidental thereto.
- 4.9 **"CSR Policy"** means the Corporate Social Responsibility Policy as set out herein and as amended or modified from time to time.
- 4.10 **"CSR Rules"** means Companies (Corporate Social Responsibility) Rules, 2014.
- 4.11 **"Independent Director"** means a non-executive director of the Company within the meaning of section 2(47) of the Companies Act, 2013
- 4.12 **"Net profit"** means the net profit 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-
 - (i) any profit arising from any overseas branch or branches of the Company, whether operated as a separate Company or otherwise; and
 - (ii) any dividend received from other Companies in India, which are covered under and complying with the provisions of section 135 of the Act

5. CSR ACTIVITIES

- (i) The Company shall undertake the activities as recommended by the CSR committee and approved by the Board in accordance with the provisions of Section 135 of the Companies Act, 2013 read with Schedule VII and Companies (CSR Policy) Rules, 2014
 - a. Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;



- 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 centres 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 recognised 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.** Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
 - j.** Rural development projects.
- (ii)** The CSR activities (either new or ongoing) shall be undertaken by the Company in accordance with this policy and shall exclude activities undertaken in pursuance of its normal course of business.
- (iii)** Subject to the provisions of section 135(5) of the Act, the CSR projects or programs or activities undertaken in India only shall qualify for CSR expenditure.
- (iv)** The CSR programs or projects or activities that benefit only the employees of the Company and their families shall not be considered as CSR activities in accordance with the Act.
- (v)** Contribution of any amount directly or indirectly to any political party under section 182 of the Act shall not be considered as CSR activity.
- (vi)** Company may build CSR capacities of their own personnel as well as those of their implementing agencies through Institutions with established track records of at least three financial years but such expenditure



including expenditure on administrative overheads shall not exceed five percent of total CSR expenditure of the company in one financial year.

Any surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of a company.

6. CSR EXPENDITURE

- a. As per the provisions of Companies Act, 2013, the Board shall ensure that the Company spends in every financial year, at least 2% of the average net profits of the Company made during the three immediately preceding financial years.
- b. CSR Committee shall recommend the amount of expenditure project wise to be incurred annually to the Board for its consideration and approval.
- c. CSR expenditure shall include all expenditure including contribution to corpus, for projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee, but does 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 Act.

7. MODALITIES OF EXECUTION AND IMPLEMENTATION

The Board may decide to undertake its CSR activities approved by the CSR Committee through

- a. the Company; (or)
- b. a registered trust or a registered society or a company established by the company or its holding or subsidiary or associate company under section 8 of the Act or otherwise subject to following conditions:
 - If such trust, society or company is not established by the company or its holding or subsidiary or associate company, it shall have an established track record of three years in undertaking similar programs or projects;
 - The company has specified the project or programs to be undertaken through these entities, the modalities of utilization of funds on such projects and programs and the monitoring and reporting mechanism; (or)
- c. Collaboration with other companies in such manner that the CSR Committees of respective companies are in a position to report separately on such CSR activities in accordance with CSR Rules.

8. MONITORING MECHANISM

The CSR Committee of the Company will coordinate / review the implementation of CSR activities at various areas and report to the Board. The CSR Committee shall meet at least once in a year to monitor the implementation of CSR Plan and its activities. The Committee shall ensure that the CSR Policy, as amended from time to time, is displayed on the company's website.



The CSR Committee shall place before the Board, a draft annual report on CSR activities as per the specified format, in a board meeting for Board's review and finalization. The Board shall include in its report to the shareholders, the annual report on CSR activities as per the format specified under the Rules.

The CSR Committee of the Company shall assist the Board for performing their respective duties under the CSR Policy, any changes by the Government in the regulations governing the CSR activities.

9. REPORTING FORMAT

The Board's report shall include the following particulars:

- A brief outline of the company's CSR Policy, including overview of projects or programs proposed to be undertaken;
- The composition of the CSR Committee;
- Average net profit of the company for last three financial years;
- Prescribed CSR Expenditure (2% of the amount of the net profit for the last 3 financial years);
- Details of CSR spent during the financial year;
- In case the company has failed to spend 2% of the average net profit of the last three financial years, reasons thereof;
- 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.

10. AMENDMENTS TO THE CSR POLICY:

The Board of Directors of the Company shall have the powers to revise/modify/amend this Policy from time to time, as the Board may think fit, based on the recommendations to be made by the CSR Committee to confirm to the revision/amendment, if any, to be made to the CSR Rules by the MCA, under the Act.

