



**Corporate Social Responsibility Policy**

**1. Introduction:**

The Companies Act 2013 (hereinafter referred to as ‘the Act’), has introduced the idea of Corporate Social Responsibility (CSR) and mandates qualifying companies to constitute CSR Committee to effectively monitor CSR activities of the Company and to that effect, MCA has laid down the framework and modalities of carrying out CSR activities which are specified in Schedule VII of the Act. The CSR policy has been formulated in accordance with Section 135 of the Companies Act 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 (Rules 2014), Companies (Amendment) Act, 2019 (Act 2019), Companies Amendment Act, (Act 2020) and Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 (Rules 2021) and the relevant amendments / notifications / circulars.

**2. Objective & Scope:**

The main objective of the CSR Policy is to lay down guidelines for the Company to make CSR as one of the key focus areas that focuses on making a positive contribution to society through high impact, sustainable programs.

This Policy covers current as well as proposed CSR activities to be undertaken by the Company and examining their alignment with Schedule VII of the Act as amended from time to time. It covers the CSR activities which are being carried out in India only and includes strategy that defines plans for future CSR activities.

The scope of the CSR activities of the Company will cover the following areas but not limited to the same and may extend to other specific projects/ programs as prescribed by Schedule VII amended from time to time.

Sr. No.	Area
1a.	Eradicating hunger, poverty and malnutrition
1b.	Promoting health care including preventive healthcare and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation
1c.	Providing 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;

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3.	Promoting gender equality, women empowerment, 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
4.	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 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.	Measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows;
7.	Training to promote rural sports, nationally recognised sports, Paralympics sports and Olympic sports;
8.	Contribution to Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES 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;
9a.	Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government and Semi Government Bodies, Semi State Government Bodies, Municipal Corporation undertaking;
9b.	Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs);
10.	Rural development projects

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11.	Slum area development: 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force
12.	Disaster management, including relief, rehabilitation and reconstruction activities.

The Company will review the areas from time to time and make additions/ deletions/ clarifications to the above areas.

**3. CSR Committee:**

❖ **Constitution:**

Pursuant to the provisions of Section 135 of the Act and rules made thereunder, the Board of Directors shall constitute the Corporate Social Responsibility (CSR) Committee. The Members of CSR shall be appointed by the Board of Directors of the Company which must consist of at least two or more Directors and that the composition of the CSR committee shall be disclosed in the Board's Report of the Company.

CSR Committee shall be responsible for the implementation/monitoring and review of this policy and various projects/activities undertaken under the policy.

❖ **Powers of the Committee:**

Following are the Powers of the CSR Committee:

- a) Formulate CSR Policy and recommend the same to the Board of Directors of the Company for approval
- b) Recommend CSR activities as stated under Schedule VII of the Act in areas or subject, specified in Schedule VII
- c) recommend the amount of expenditure to be incurred
- d) Approve to undertake CSR activities in collaboration with other Companies/firms/NGOs etc.
- e) Spend the allocated CSR amount on the CSR activities once it is approved by the Board of Directors of the Company in accordance with the Act and the CSR Rules
- f) Create transparent monitoring mechanism for implementation of CSR Initiatives in India



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- g) Monitor CSR Policy from time to time
- h) Formulate and recommend to the Board, an annual action plan in pursuance of the CSR policy, which shall include the following, namely:-
- (a) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
  - (b) the manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4;
  - (c) the modalities of utilisation of funds and implementation schedules for the projects or programmes;
  - (d) monitoring and reporting mechanism for the projects or programmes; and
  - (e) details of need and impact assessment, if any, for the projects undertaken by the company.

Provided that Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.

❖ **Frequency of the Meetings of the CSR Committee:**

- a) The CSR Committee shall meet as and when required. Members of the CSR Committee can agree upon mutually regarding time and place for the said meetings.
- b) One-third of total strength of the CSR Committee (any fraction contained in that one-third be rounded off as one) or two members, whichever is higher should be present to constitute quorum for the meeting.
- c) The Members of the Committee may participate in the meeting either in person or through video conferencing or other audio visual means in accordance with the provisions of the Companies Act, 2013 and rules made thereunder from time to time.
- d) Minutes of the CSR Committee shall be placed before the Board for noting.

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**4. Responsibility of the Board of Directors:**

- The Board shall:
  - a) after taking into account the recommendations made by the CSR Committee, approve the CSR Policy for the company and disclose contents of such Policy in its report and also place it on the company's website, if any; and
  - b) ensure that the activities as are included in CSR Policy of the company are undertaken by the company.
  - c) ensure that the company 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 where the company has not completed the period of three financial years since its incorporation, during such immediately preceding financial years, in pursuance of its CSR Policy. ("sub-section 5 of section 135 of the Companies Act, 2013")
  - d) Any amount remaining unspent under sub-section (5), pursuant to any ongoing project, fulfilling such conditions as may be prescribed, undertaken by a company in pursuance of its Corporate Social Responsibility Policy, shall be transferred by the company within a period of thirty days from the end of the financial year to a special account to be opened by the company in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account, and such amount shall be spent by the company in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of three financial years from the date of such transfer, failing which, the company shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year.
- If the Company fails to spend such amount, the Board shall, in its report specify the reasons for not spending the amount. and, unless the unspent amount relates to any ongoing project, transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year
- Provided also that if the company spends an amount in excess of the requirements provided under this sub-section, such company may set off such excess amount against the requirement to spend under this subsection for such number of succeeding financial years and in such manner, as may be prescribed.

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**5. CSR Expenditure:**

- a) The committee shall endeavour to spend atleast 2% of the average net profit of the Company made during the 3 immediately preceding financial years on CSR activities.
- b) The board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.
- c) Any surplus arising out of the CSR activities shall not form part of the business profit of a 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.
- d) Where a company spends an amount in excess of requirement provided under sub-section (5) of section 135, such excess amount may be set off against the requirement to spend under sub-section (5) of section 135 up to immediate succeeding three financial years subject to the conditions that –
  - (i) the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any, in pursuance of sub-rule (2) of this rule.
  - (ii) the Board of the company shall pass a resolution to that effect.
- e) The CSR amount may be spent by a company for creation or acquisition of a capital asset, which shall be held by –
  - (a) a company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number under sub-rule (2) of rule 4; or
  - (b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
  - (c) a public authority:

Provided that any capital asset created by a company prior to the commencement of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, shall within a period of one hundred and eighty days from such commencement comply with the requirement of this rule, which may be extended by a further period of not more than ninety days with the approval of the Board based on reasonable justification.

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**6. Implementation:**

The time period/duration of each project/programs to be implemented by the Company shall depend on its nature, extend of coverage and intended impact of such activity.

- (1) The Board shall ensure that the CSR activities are undertaken by the company itself or through –
  - (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
  - (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.
- (2) (a) Every entity, covered under sub-rule (1), who intends to undertake any CSR activity, shall register itself with the Central Government by filing the form CSR-1 electronically with the Registrar, with effect from the 1st day of April 2021:

Provided that the provisions of this sub-rule shall not affect the CSR projects or programmes approved prior to the 1st day of April 2021.

  - (b) Form CSR-1 shall be signed and submitted electronically by the entity and shall be verified digitally by a Chartered Accountant in practice or a Company Secretary in practice or a Cost Accountant in practice.
  - (d) On the submission of the Form CSR-1 on the portal, a unique CSR Registration Number shall be generated by the system automatically.
- (3) A company may engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy as well as for capacity building of their own personnel for CSR.



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- (4) A company may also collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or programmes in accordance with these rules.
- (5) The Board of a company shall satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.
- (6) In case of ongoing project, the Board of a Company shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.

## 7. Reporting/ Disclosures:

- (1) The Board's Report of a company covered under the rules pertaining to any financial year shall include an annual report on CSR containing particulars specified in Annexure I or Annexure II, as applicable as specified under Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014.
- (2) (a) Every company having average CSR obligation of ten crore rupees or more in pursuance of subsection (5) of section 135 of the Act, in the three immediately preceding financial years, shall undertake impact assessment, through an independent agency, of their CSR projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study.  
  
(b) The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.  
  
(c) A Company undertaking impact assessment may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed five percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is less.

## 8. Publication:

The Board of Directors of the Company shall mandatorily disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on their website, for public access.



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**9. Effective Date:**

The CSR Policy shall be effective from the date of its approval by the Board of Directors effective from 15<sup>th</sup> December, 2021. This Policy document shall supersede the earlier CSR Policy dated 19<sup>th</sup> September 2018. Provided, however, that all the acts done in pursuance of the earlier CSR Policy shall stand ratified and covered under this policy.

**10. Review & Amendment:**

The Committee shall review its CSR Policy from time to time and make suitable changes as may be required and submit the same for the approval of the Board.

CSR Policy may be updated to align it with the changing requirement or changes in the legal and regulatory framework. Any revision in the Policy shall be approved by the Board of Directors.

For Dhanki Securities Private Limited

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