

IL&FS CLUSTERS CSR POLICY

(1) INTRODUCTION:

Corporate Social Responsibility (CSR) is the Company's commitment to its stakeholders to conduct business in an economically, socially and environmentally sustainable manner that is transparent and ethical. IL&FS Cluster Development Initiative Limited (IL&FS Clusters) in India is committed to undertake CSR activities in accordance with the provisions of Section 135 of the Indian Companies Act, 2013 and related Rules

(2) Background and Objectives :

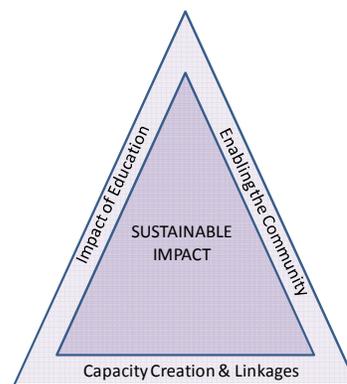
(a) IL&FS Clusters aims at evolving its CSR policy with the following goals:

- (i) Promoting education including employment enhancing vocational skills and livelihoods pursuant to Schedule VII read with Section 135 of the Companies Act 2013
- (ii) Attain strategic and long term partnership with community through education and vocational skills and livelihoods

(b) Education is a key instrument for social and economic transformation and can be leveraged as a significant catalyst in achieving the CSR vision. Recognizing the importance of education as a change agent, IL&FS Clusters intends to focus on education driven initiatives focusing on access, equity and quality of education to for improving Education indicators through holistic quality improvement of schools under its CSR. IL&FS Clusters will also provide for discretionary initiatives for need based requirements for specific projects, with a focus on education and skill development

(c) Based on the foregoing, an engagement framework will focus on improving educational outcomes, creating community awareness & capacities among the stakeholders, and develop linkages for financial and administrative support for sustainability:

- (i) **Impact of education:** To make project schools effective for a substantive impact of education on students, to lessen the negative effects of socio-economic, demographic and gender disadvantages
- (ii) **Enabling the community:** To provide enabling conditions in the community to combat attitude deficit, illiteracy, lack of awareness of social issues, health and sanitation and gender inequity



- (iii) **Creating a sustainable impact:** To initiate measures which would (i) create capacities amongst community stakeholders, (ii) demonstrate outcomes that would find resonance among the community and (iii) create financial and administrative linkages under several welfare schemes of the government departments for continuity, funding and logistical support and a durable impact

CHILDREN

- Enhance learning in 3 subjects
- Ensure better performance in school
- Impart pre -vocational skills : Computers & English
- Encourage School enrollment & retention
- Equip them with Life Skills to function in the working world

COMMUNITY

- Create leaders & facilitators from within the community
- Enable families to sustain children's interest in learning
- Activate Village Education Committee
- Build community awareness & accountability
- Empower them with rights & responsibilities
- Generate a feeling of oneness and purpose to unite the community

- (3) **Focus Areas:** IL&FS Clusters aims to impact educational outcomes through holistic quality improvement programmes in schools and community development initiatives. The programmes recommended under IL&FS Clusters CSR are as under :

- (a) “Livelihood development of communities through context driven income generation activities by local institutions (SHGs, NGOs etc.)

- (b) **Quality Improvement of Schools:** The objective is to take up existing stressed schools which is providing education to the marginalized (Minorities, Economically disadvantaged, girls, Socially backwards etc) for holistic quality improvement focused on improving learning outcomes. The objective is to equip the schools with resources, capacity creation and linkages so that they can demonstrate outcomes which are a direct output of the school related activities and other outcomes which are linked to the community and indirectly influence education indicators. The measurable outcomes where the project school will play a central role is Student and Teacher performance and working with the Community to improve school enrolment and adult literacy. The interventions will focus on the following :

- (i) Academic Support to ensure greater teaching effectiveness and student learning including:
- Supplementary teaching : Improving learning outcomes in English, Maths, Science
 - Providing & Enabling usage of Technology in classroom Library resources and reading programmes

- Capacity building of existing teachers in IT skills, Classroom management
- (ii) Enhancement of Learning environment through interventions in ‘Adding Dimensions’
 - (iii) Life Management Skills to improve career prospects of students and to impart practical skills for the working world and care of self and common property resources
 - (iv) Community Engagement with VEC, SMCs, parents etc and awareness generation to promote positive attitudes towards education and gender equity and Adult literacy
 - (v) Linkages with Government/ other Corporates/ Institutions for financial & administrative support for sustainability, wherever possible

For FY 2015, it is recommended to take up 2 such schools to be supported under IL&FS Clusters CSR with an outcome driven approach, one in Delhi/ NCR and the other in Mumbai. The locations have been chosen with a view to have the schools in proximity to the IL&FS Clusters headquarters

- (c) Discretionary initiatives: In order to enable need based support to projects under education, it is also recommended to provide for a discretionary allocation towards such requirements. As examples, the following are recommended to be taken up for FY 2015:
 - (i) To use infrastructure in government schools to support life skills programmes through e-learning, specifically in English language, Health and Financial literacy
 - (ii) To support educational interventions under area development plan in Tiyulia, Uttar Pradesh in convergence with IL&FS CSR commitments
- (4) **Approval Process:** Whilst, in the normal case, approval would be taken for an Overall Plan at the start of each financial year, it is expected that in the initial years of the implementation of the CSR regime, periodic reviews and / or modifications to the Budgets may be required. Hence approval of CSR Committee is would be taken for any proposed expenditure to be incurred for CSR

(5) **Key Rules /Guidelines for the CSR Expenditure :**

- (a) The prescribed CSR spend, as indicated in Section 135 of the Companies Act, 2013 is at 2% of the Average Profit Before Tax of the Company, duly adjusted for any dividend income received from companies, and any profits from Overseas Branches
- (b) The overall spend will be only on such interventions and programs whose impacts are both meaningful and measurable
- (c) The selected projects need to adhere to the following guidelines :
 - (i) The Company will undertake CSR projects / programmes that are in conformity with Schedule VII of the Act;
 - (ii) CSR Activities shall not include the activities undertaken in pursuance of normal course of business of the Company;
 - (iii) Any surplus arising out of any of the CSR activities / programmes shall not form part of the business profits of the Company;
 - (iv) Any activity for the exclusive benefit of the employees of the Company or their family members shall not be considered as a CSR activity;
- (d) However, the Company may build CSR capacities of its own personnel as well as those of its Implementing Agencies but such expenditure shall not exceed 5% of the total CSR expenditure of the Company in any one financial year

- (6) **Disclosure of the Policy:** As per the Act, IL&FS Clusters is required to disclose the composition of the CSR Committee and its CSR Policy in the Company's Annual Report and on the website. Further, the details of the CSR activities and programme taken up during the year will also be disclosed

(7) **Implementation**

To implement the Company's CSR Programmes through Company personnel or through external implementing agencies or through Social Empowerment and Economic Development Society (SEEDS) directly, or through implementing agencies in the form of NGO's, service providers, vendors etc. (and/or other Trusts, Foundations and Section 8 companies that may be established by the Company from time to time). In such cases, the Company will specify the CSR Programmes which may be undertaken by those Trusts in accordance with their Objects and administrative and accounting processes laid down in the respective Trust Deeds/ Memoranda and Articles of Association

(8) **Governance**

- (a) Every year, the CSR Committee will place for the Board's approval, a CSR Plan delineating the CSR Programmes to be carried out during the financial year and the specified budgets thereof. The Board will consider and approve the CSR Plan with any modification that may be deemed necessary
- (b) The CSR Committee will assign the task of implementation of the CSR Plan within specified budgets and timeframes to such persons or bodies as it may deem fit
- (c) The persons/bodies to which the implementation is assigned will carry out such CSR Programmes within the specified budgets and timeframes and report back to the CSR Committee on the progress thereon at such frequency as the CSR Committee may direct
- (d) The CSR Committee shall review the implementation of the CSR Programmes as and when required and issue necessary directions from time to time to ensure orderly and efficient execution of the CSR Programmes in accordance with this Policy
- (e) At the end of every financial year, the CSR Committee will submit its report to the Board

(9) **CSR Expenditure**

CSR expenditure will include all expenditure, direct and indirect, incurred by the Company on CSR Programmes undertaken in accordance with the approved CSR Plan. Moreover, any surplus arising from any CSR Programmes shall be used for CSR. Accordingly, any income arising from CSR Programmes will be netted off from the CSR expenditure and such net amount will be reported as CSR expenditure