V-Mart Retail Limited

Corporate Social Responsibility Policy Document

Version: 2.0

July 19

For internal circulation only
### Document revision history

<table>
<thead>
<tr>
<th>Version</th>
<th>Release date</th>
<th>Change description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0</td>
<td>-</td>
<td>Documented standard policy of “Corporate social responsibilities”</td>
</tr>
</tbody>
</table>
| 2.0     | 30-Jul-19    | Revision in existing policy  
• Updating the members of CSR committee  
• Adding new section for ‘monitoring and evaluating’ CSR projects |

### Document control

<table>
<thead>
<tr>
<th>Document name</th>
<th>Corporate Social Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Version no.</td>
<td>2.0</td>
</tr>
<tr>
<td>Document status</td>
<td>Final</td>
</tr>
<tr>
<td>Issue date</td>
<td>As per Board Resolution</td>
</tr>
<tr>
<td>Compliance status</td>
<td>Mandatory</td>
</tr>
<tr>
<td>Review period</td>
<td>Need basis</td>
</tr>
<tr>
<td>Security classification</td>
<td>Internal</td>
</tr>
<tr>
<td>Distribution</td>
<td>Employees of V-Mart Retail Limited</td>
</tr>
<tr>
<td>Approval</td>
<td>As per Board Resolution</td>
</tr>
</tbody>
</table>
Contents

1. Introduction ........................................................................................................................................ 4
2. Objective of CSR Policy .................................................................................................................. 4
3. Legal aspects for managing CSR .................................................................................................... 4
4. Areas for CSR activities ................................................................................................................ 5
5. Governance structure ..................................................................................................................... 6
6. Roles and responsibilities ................................................................................................................ 7
7. Approval route of CSR projects ...................................................................................................... 8
8. Executing, implementing, monitoring and reporting of CSR activities ....................................... 8
9. Reflection of CSR activities ............................................................................................................ 9
10. Review of the policy ....................................................................................................................... 9
11. Annexure ........................................................................................................................................ 10
1. Introduction

Led by the philosophy of making a meaningful contribution to the society and the environment through long-term and sustained initiatives, V-Mart Retail Limited (‘V-Mart’ or “Company”) has, over the years, engaged in several CSR activities with the mission to ‘create value and make the ecosystem proud. Our CSR programs are anchored on the continuing commitment to improving the quality of life and opportunities for local communities – at our store clusters and sourcing hubs - focusing on the underprivileged sections of society, without regard to their faith, origin or gender.

Apart from continuously fulfilling all its regulatory requirements related to the society at large, the Company believes in a focused and impactful Corporate Social Responsibility (CSR) program is aligned with its vision and mission. As of July 2019, V-Mart had its presence in 17 states in the country through 228 stores, majority of them in Tier two & three-tier towns. Through its CSR programs, the Company intends to focus on local communities residing in and around its store clusters and the extensive vendor and supplier communities spread across the key sourcing hubs in the country.

The V-Mart Corporate Social Responsibility policy (hereinafter may be referred to as V-Mart CSR Policy) takes account of its economic, social and environmental impact in the way it operates as a business by demonstrating our commitment to Corporate Social Responsibility. The Company aims to align its business values, purpose and strategy with the needs of our customers, and other stakeholders of the Company, e.g. suppliers and vendors whilst embedding such responsible and ethical principles into everything V-Mart does.

In the aforesaid backdrop, the V-Mart CSR policy is broadly framed considering the following measures: -

I. Welfare measures for the community at large including employees and their families, to ensure the weaker section of the society derive the maximum benefits.

II. Contribution to society at large through social development, imparting education, training, social awareness, especially with regard to economically backward class for their development.

2. Objective of CSR Policy

The main objectives of the CSR policy are:

- To lay down guidelines for “V-Mart Retail Limited” to make CSR a business process for sustainable development of the society and local communities.

- To develop and implement social welfare and community focused CSR program that are aligned with the Company’s vision and mission.

- To streamline CSR projects/programs which will enhance the quality of life and economic well-being of target beneficiaries.

3. Legal aspects for managing CSR

Section 135 of the Companies Act, 2013 is applicable to every company registered under the Act, and any other previous Companies Law, with a net worth of Rs 500 crore or more, or a turnover of over Rs 1,000 crore or a net profit exceeding Rs 5 crore in any financial year.

Here ‘any financial year’ implies any of the three preceding financial years and during any financial year, Corporate Social Responsibility is constituted. As per the regulations the company will set aside, for
annual CSR activities, an amount equal to 2% of the average net profits of the Company made during the three immediately preceding financial years (refer Annexure 11.1 for Profit calculation & reporting format). However, if the Company fails to spend such amount, a justification needs to be given in the Annual Report. The CSR Policy of the company shall specify that the surplus arising out of the CSR projects or programs or activities shall not be form part of the business profit of the company.

4. Areas for CSR activities

V-Mart CSR activities shall be aimed at the poor, needy and underprivileged sections of the society as the end beneficiaries, belonging to local communities where V-Mart store clusters and sourcing hubs are located, especially in small towns/villages/rural area would normally be covered.

The Company shall give preference to the local area and areas where it operates, for spending the amount earmarked for CSR activities.

The CSR activities of V-Mart will cover the following activities:

I. **Education** - Supporting education across primary, secondary and tertiary (graduate and post-graduate) levels for meritorious students belonging to the Economically Weaker Sections (EWS), in tier 2, 3, 4 towns and nearby rural areas. This can also extend to career counselling and career development support, fellowships, provision for meals, awareness program on girls education, providing school bus/ cycle facilities to needy girl student of the school in the operational area of the Company or Company outlet, support to technical/vocational institutional, and support for education for their self-development;

II. **Entrepreneurship and skill development** - Identifying and supporting self-sustaining livelihood and entrepreneurship initiatives, focusing on generating gainful employment for local communities; providing vocational skills training, focusing on youth and women;

III. **Community infrastructure development** - Adoption and/or maintenance of community infrastructure, e.g. schools, parks, hospitals, dug wells, etc.; development, education development, community development, providing employment opportunity for the villagers, providing Water supply including providing drinking water in a rural area, installation/repair of hand pumps, rainwater harvesting scheme & involving in the activities specified under Schedule VII of Company’s act 2013;

IV. **Medical** - Health care by providing Indoor medical facilities & medicines, organizing health awareness camps;

V. **Environment** - Activities relating to environment protection, including plantation, green belt development; sustainable agriculture practices; water conservation and groundwater management;

VI. **Social empowerment** - Activities relating to social empowerment including training of rural youth for self-employment on welding, fabrication and electronic appliances, construction of hostels for girls, care for senior citizens, organizing training programs for a woman on tailoring, fabrication designs, home foods, painting, and other vocational courses;

VII. **Sports** - Training to promote rural sports, nationally recognized sports, sports & Olympic sports; providing sport talent scholarships to underprivileges to promote sports;

VIII. **Disaster relief** - Providing disaster reliefs as stated in schedule VII of Company’s act 2013.

IX. **Grant/Funding** - Grant/donation/financial assistance to hospitals, reputed NGOs, any other trust
or foundation constituted in this regard, charitable institutions/sponsorships to reputed NGOs of the society/locality doing/involve in the upliftment of the standard of the society and any of the above stated activities and any other activities as specified under Schedule VII of Company’s act 2013

**Note:**
- The above list is illustrative, not exhaustive and the CSR Committee shall be authorized to consider the activities not falling in this list.
- Below are some identified provision permissible and not permissible under CSR provisions.

<table>
<thead>
<tr>
<th>Permissible under CSR provisions</th>
<th>Not permissible under CSR provisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company can execute through own/group foundation or foundation formed with other companies or through implementing agencies</td>
<td>Activities exclusively for benefit of employees and their families shall not be considered</td>
</tr>
<tr>
<td>If the entity is not set up by the company, then it must be an established entity (at least 3 years old)</td>
<td>Activities undertaken in pursuance of normal course of business of the company shall not be considered</td>
</tr>
<tr>
<td>A company may also collaborate with other companies for undertaking projects or programs 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 programs in accordance with these rules</td>
<td>Only CSR activities within India will be taken in consideration</td>
</tr>
<tr>
<td>Companies 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 shall not exceed 5% of total CSR expenditure of the company in one financial year</td>
<td>Contribution of any amount directly or indirectly to any political party under section 182 of the Act, shall not be considered as CSR activity</td>
</tr>
</tbody>
</table>

---

**5. Governance structure**

```
Board of Directors

CSR Committee

CSR- Steering Committee (CSR – STECO)
```
5.1 Corporate social responsibility committee (CSR)

The Corporate Social Responsibility Committee is to be consisted of at least three Board Members and at least one member of the Committee will be an Independent Director. The Company has constituted the CSR Committee with the following members:

- Mr. Lalit Agarwal – Chairman
- Mr. Madan Gopal Agarwal – Member
- Mr. Aakash Moondhra – Member
- Ms. Sonal Mattoo – Member
- Mr. Govind Shridhar Shrikhande – Member

5.2 CSR- Steering committee (CSR- STECO)

A Corporate Social Responsibility Steering Committee (hereinafter may be referred as “CSR STECO”) at Head Office level of the Company shall be constituted, the primary purpose of the Committee is to assist the ‘CSR Committee’ in fulfilling its oversight responsibilities in relation to:

- The Company’s CSR policies and programs;
- The evaluation and recommendation of various CSR activities to be performed by company.

The CSR STECO shall consist of 3 persons:

- Anjali Goel – AVP- HR
- M. Srinivasan – VP- Planning
- Ranjan Kumar – VP- Strategy & Corporate Communication

6. Roles and responsibilities

Roles and responsibilities of the CSR committee and CSR STECO:

<table>
<thead>
<tr>
<th>CSR Committee</th>
<th>CSR STECO</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR Committee shall:</td>
<td>CSR STECO shall:</td>
</tr>
<tr>
<td>• Formulate/review CSR Policy, which shall indicate the activities to be undertaken by the Company.</td>
<td>• Work with CSR committee to establish and develop the Company’s strategic framework and objectives with respect to corporate social responsibility matters.</td>
</tr>
<tr>
<td>• Work with the Board/Management/CSR STECO to establish and develop the Company’s strategic framework and objectives with respect to corporate social responsibility matters.</td>
<td>• Identify and seek capabilities and resources required to implement the CSR initiative.</td>
</tr>
<tr>
<td>• Ensure the activities included by a company in its CSR policy are related to the activities of Schedule VII of companies act 2013.</td>
<td>• Drive the adoption of CSR ethos and corporate citizenship across V-Mart stores, ensuring active participation and support of the Company’s employees in its CSR initiatives.</td>
</tr>
<tr>
<td>• Decide the priority of the activities to be undertaken under CSR as per the proposal.</td>
<td>• Review the findings and recommendations from any investigation or audit by regulatory agencies or external auditors or consultants</td>
</tr>
</tbody>
</table>
### CSR Committee

- Delegate powers to CSR STECO to do necessary compliance under the CSR provisions.
- Recommend the amount of expenditure to be incurred on the CSR activities.
- Develop internal operating structure and transparent monitoring mechanism.
- Periodically monitor the implementation of CSR Policy of the Company.
- Receive reports from management/CSR STECO on current and emerging issues and trends in the field of corporate social responsibility, including a discussion on the potential impact thereon on the Company.
- Meet at least twice in a year and as many additional times as the Committee may consider necessary to carry out its duties effectively.
- Invite such officers, directors, and employees of the Company as it may see fit from time to time to attend its meetings and assist in the discussion and consideration of any matter.
- Review the reports of CSR STECO of new projects or finding or any investigation.

### CSR STECO

- concerning the Company’s corporate social responsibility matters.
- Review the Company’s disclosure of corporate social responsibility matters in the Company’s continuous disclosure documents and an annual social responsibility report.
- Recommend CSR projects in areas or subject specified in Schedule VII of Companies Act 2013.
- Evaluate and shortlist the CSR activities to be undertaken by the Company based on established criteria and recommend the same for the review by CFO & CMD and approval by the CSR committee.
- Monitor the progress of milestone to be achieved under the ongoing CSR projects on monthly basis & submit the report to the CSR Committee on a quarterly basis.
- Utilization of approved amount in specified/approved CSR activities.

### 7. Approval route of CSR projects

- CSR STECO identify the various CSR projects and evaluate the same in accordance with CSR policy.
- CSR STOCO propose the evaluated CSR projects to CFO and CMD for their review and approval and to recommend the same to CSR committee for approval.
- CSR committee review the proposed CSR projects and approve the same with or without modifications.

### 8. Executing, implementing, monitoring and reporting of CSR activities

The Investment on CSR activities shall be on a project basis, the Company can execute its CSR activities either through some external specialized agency/recognized NGOs in this regard or through its internal employees/V-Mart foundation and in the manner as may be prescribed by the CSR Committee.

The CSR STECO and CSR Committee will nominate the internal employees/V-Mart foundation of the Company or external agencies to undertake the activities as it may think appropriate. With respect to monitoring the CSR programs:

**The Board of Director shall:**
• After taking into account the recommendation of CSR Committee and CSR STECO, approve the CSR Policy for the company and disclose contents of such policy in its report and the same shall be displayed on the company’s website.

• Ensure that activities included by the company in its CSR Policy are related to the activities included in Schedule VII of the Act.

• Allocate the budget for CSR activities to be undertaken during the year subject to financial performance, operations of the Company and statutory requirements/limits.

• Approve CSR policy & report (refer Annexure 11.2 for reporting format).

• Ensure 2% spend on CSR activities.

• Report reason for non-compliance.

The CSR Committee shall:
• Prepare the annual proposal in coordination with CSR STECO with regard to various CSR activities to be undertaken by the company during the entire financial year.

• Review the ‘shortlisted projects’ proposed by CSR STECO as & when required and approve the same.

• Review the monitoring reports submitted by CSR STECO on a quarterly basis.

The CSR STECO shall:
• Identify and shortlist the new CSR projects based on evaluation and recommend the same to CMD & CFO for their review, who further recommend the same to CSR committee for approval.

• Periodically interact with CSR implementing agency or with the employees/V-Mart foundation of the Company undertaking the CSR activities.

• Monitor and review the progress of activities undertaken/completed on monthly basis.

• Submit the ‘monitoring report’ to the CSR Committee on a quarterly basis.

The CSR Committee shall also from time to time, as and when required, review the implementation of CSR policy of the Company and recommend the suitable actions to be taken in this regard.

9. Reflection of CSR activities

The CSR activities undertaken by the Company during the year will be reported in the Annual Report of the Company for the respective year.

10. Review of the policy

The Corporate Social Responsibility Committee may from time to time, as may be required, review the CSR Policy of the Company and may make the suitable amendments, as may be necessary, in the CSR policy of the Company based on the changing requirements of the beneficiaries, requirements under the relevant laws.
### 11. Annexure

#### 11.1. Net profit according to section 198 for the purpose of section 135.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net profit after tax</td>
<td>XX</td>
</tr>
<tr>
<td>Add: Credits to be given for</td>
<td></td>
</tr>
<tr>
<td>- Govt. bounties and subsidies</td>
<td>XX</td>
</tr>
<tr>
<td>Less: Credits not be given for</td>
<td>XX</td>
</tr>
<tr>
<td>- Premium on shares or debenture issued by the company</td>
<td></td>
</tr>
<tr>
<td>- Profits of a capital nature including profits from the sale of undertakings</td>
<td></td>
</tr>
<tr>
<td>- Profits on revaluation of assets and liability at fair value, etc.</td>
<td></td>
</tr>
<tr>
<td>Less: Deductions to be given for</td>
<td>XX</td>
</tr>
<tr>
<td>- All usual working charges, director remuneration, bonus</td>
<td></td>
</tr>
<tr>
<td>- Any tax notified being in nature of tax on abnormal profits</td>
<td></td>
</tr>
<tr>
<td>- Any tax on business profits enforced for special reasons</td>
<td></td>
</tr>
<tr>
<td>- Interest on loans, expenses of repairs and depreciation</td>
<td></td>
</tr>
<tr>
<td>- Excess of expenditure over income arisen in any year allowed subject to</td>
<td></td>
</tr>
<tr>
<td>conditions</td>
<td></td>
</tr>
<tr>
<td>Add: Deductions not be given for</td>
<td>XX</td>
</tr>
<tr>
<td>- Income-tax under the income-tax Act, 1961</td>
<td></td>
</tr>
<tr>
<td>- Voluntary compensation and damages</td>
<td></td>
</tr>
<tr>
<td>- Loss of capital nature including loss from the sale of undertakings</td>
<td></td>
</tr>
<tr>
<td>- Loss of revaluation of assets and liability at fair value, etc.</td>
<td></td>
</tr>
<tr>
<td>Net profit to be considered for computing CSR spend</td>
<td>XX</td>
</tr>
</tbody>
</table>

#### 11.2. Format for the Annual Report on CSR activities to be included in the Board’s Report:
- A brief outline of the company’s CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.
- The Composition of the CSR Committee.
- Average net profit of the company for last three financial years
- Prescribed CSR Expenditure (2% of the amount as in item 3 above)
- Detail of CSR spent during the financial year
  a. Total amount to be spent for the financial year
  b. Amount unspent, if any.
  c. Manner in which the amount spent during the financial year is detailed below.
<table>
<thead>
<tr>
<th>S. No.</th>
<th>CSR project or activity identified</th>
<th>Sector in which the project is covered</th>
<th>Project or programs</th>
<th>Amount outlay (budget) project wise</th>
<th>Amount spent on the projects or programs</th>
<th>Sub-heads:</th>
<th>Cumulative expenditure up to the reporting period</th>
<th>Amount spent direct or through implementing agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td>Local area or other</td>
<td>(1)</td>
<td></td>
<td></td>
<td>(1) Direct expenditure on projects or programs.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td>Specify the State and district where the project or programs was undertaken</td>
<td>(2)</td>
<td></td>
<td></td>
<td>(2) Overheads:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Give details of implementing agency:
- In case the company has failed to spend the two per cent of the average net profit of last three financial years or any part thereof, the company shall provide the reason for not spending the amount in its Board report.
- A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objective and Policy of the company.

\[
\text{Sd/-} \\
(\text{Chief Executive Officer or Managing Director or Director}) \\
\text{Sd/-} \\
(\text{Chairman CSR Committee}) \\
\text{Sd/-} \\
(\text{Person specified under clause (d) of sub-section (1) of section 380 of the Act}) \\
\text{(wherever applicable)}
\]