

Corporate Social Responsibility Policy

(Approved on 2nd February, 2019 Amended as on 01.08.2022)

Brief Background:

As per section 135 of the Companies Act, 2013, every company having Net worth of Rs.500 crores or more, or turnover of Rs.1000 crores or more, or a net profit of Rs.5 crores or more in immediately preceding financial year shall constitute a Corporate Social Responsibility (CSR) Committee, in order to undertake activities that would come under the purview of CSR activities as specified under Schedule VII of the Companies Act, 2013. Company shall also formulate CSR policy in this regard.

Key words & meanings

Act- means the Companies Act, 2013 as amended from time to time

Administrative Overheads- means the expenses incurred by the company for 'general management and administration' of Corporate Social Responsibility functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme

CSR- means the activities undertaken by a Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in these rules, but shall not include the following, namely: -

(i) Activities undertaken in pursuance of normal course of business of the company; Provided that any company engaged in research and development activity of new vaccine, drugs and medical devices in their normal course of business may undertake research and development activity of new vaccine, drugs and medical devices related to COVID-19 for financial years 2020-21, 2021-22, 2022-23 subject to the conditions that-

(a) such research and development activities shall be carried out in collaboration with any of the institutes or organisations mentioned in item (ix) of Schedule VII to the Act;

(b) details of such activity shall be disclosed separately in the Annual report on CSR included in the Board's Report;

(ii) Any activity undertaken by the company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;

(iii) Contribution of any amount directly or indirectly to any political party under section 182 of the Act;

(iv) Activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);

(v) Activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services.

(vi) Activities carried out for fulfilment of any other statutory obligations under any law in force in India.

CSR Policy - means a statement containing the approach and direction given by the board of a company, taking into account the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan;

CSR Rules or Rules - means Companies (Corporate Social Responsibility Policy) Rules 2014; and any amendments effected thereto subsequently;

International Organization - means an organization notified by the Central Government as an international organization under section 3 of the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947), to which the provisions of the Schedule to the said Act apply;

Implementing Agencies - means

- (i) 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
- (ii) 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
- (iii) any entity established under an Act of Parliament or a State legislature; or
- (iv) 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;

Ongoing Project- means a multi-year project undertaken by a Company in fulfilment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced, and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the board based on reasonable justification. Words and expressions used and not defined in this policy but defined in the Act and relevant rules shall have the same meanings respectively assigned to them in the Act and relevant rules.

Objective:

The objective of the Corporate Social Responsibility is to benefit the society by improving the quality of the individual, their families, local community at large. Serving the needy people is the top priority of Asirvad Micro Finance Limited (“AMFL/ The Company”). The Company already engages in improving the life of the poor or needy people by providing micro finance business. The Company’s vision to benefit the under privileged does not end with that. The Company through CSR activities intends to participate in the overall development of the society.

Ethics, Transparency & Accountability

The Company is committed to maintain ethical value, transparency and accountability. Further, the Company will not engage in the business practices that are abusive , unfair and corrupt.

CSR Activities

As part of the CSR, the company is presently engaged in several projects which are socially relevant and demanding in the locality surrounding its corporate office area and other locations where the company has branches or other place of business. The company may continue to undertake / fund project, programs or activities of the following nature and also undertake such other activities as may be approved by the board as is falling under schedule VII of the Act 2013.

- Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water and dwelling units for poor.
- Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- 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.
- 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.
- 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.
- 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;
- Contribution to "Swach Bharat Kosh" and "Clean Ganga Fund" as set up by the Central Government for the promotion of sanitation and rejuvenation of river Ganga, respectively.
- Training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports.

- Contribution to the Prime Minister's National Relief Fund or Prime Minister's Central 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 Caste, the Scheduled Tribes, other backward classes, minorities and women.
- *Contribution to incubators funded by Central Government or State Government or any agency or Public Sector Undertaking of Central Government or State Government, and contributions to public funded Universities, Indian Institute of Technology (IITs), National Laboratories and Autonomous Bodies (established under the auspices of Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR), Council of Scientific and Industrial Research (CSIR), Department of Atomic Energy (DAE), Defence Research and Development Organization (DRDO), Department of Biotechnology (DBT), Department of Science and Technology (DST), Ministry of Electronics and Information Technology) engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).
- Rural development projects.
- Slum area development.
- *The said Item has been amended by the Committee as well as Board of Directors at their respective Meeting held on 23rd January, 2020 in alignment with the amendment made in Schedule VII of the Companies Act, 2013 vide Notification No. G.S.R.776 (E) dated 11th October, 2019.
- **Disaster management, including relief, rehabilitation and reconstruction activities.

CSR Spending:

At least 2 percent of the average net profit of the preceding three financial years to be spent on CSR activities every year by the Company. In case the Company spends an amount in excess of the requirement, then the Company may setoff such excess amount against the requirement to spend in the immediately succeeding three financial years.

Composition of CSR Committee:

The CSR Committee shall consist of minimum three Directors among which one shall be Independent Director.

Role of CSR Committee:

The CSR Committee constituted in pursuance of Section 135 of the Companies Act, 2013 shall be required to carry out the following activities

a) 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;

**The said clause has been inserted by the Committee as well as Board of Directors at their respective Meeting held on 23rd January, 2020 in alignment with the amendment made in Schedule VII of the Companies Act, 2013 vide Notification No. G.S.R.390 (E) dated 30th May, 2019.

b) Recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and

c) Monitor the Corporate Social Responsibility Policy of the Company from time to time

d) Formulation of Annual Action Plan in accordance with CSR Policy and make necessary recommendations thereon to the Board

e) Review and recommend any new CSR initiatives to be taken up by the company including the selection/appointment of implementation agencies;

f) Review the progress of CSR projects already undertaken by the company and the utilization of budgets for each such projects;

g) Review and recommend any amendments to be made in the CSR policy of the Company;

h) To carry such other functions as may be delegated to it by the board relating to CSR activities of the company

Formulation of Annual Action Plan

The CSR committee shall formulate and recommend to the Board an Annual Action plan in pursuance of this Policy, which shall be the road map for the implementation of CSR projects approved by the Board of Directors. The Annual action plan shall include the following:

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 of the Companies (Corporate Social Responsibility Policy) Rules, 2014;

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

CSR through Company/ Trust/ Society

The Company may undertake CSR activities either on its own or through Asirvad Development Foundation and/ or Manappuram Foundation or any other Trust/ Society/ Company/Entity as may be decided by the Board.

The entities undertaking the CSR activities on behalf of the Company shall be in compliance with sub-rule (1) and (2) rule 4 of the Companies (Corporate Social Responsibility Policy) Rules, 2014

CSR Activities in Partnership

The company may undertake programs in collaboration with other companies only in cases where such programs are separately reportable in the CSR report of participating companies.

Disclosures in the Annual Report of the Board

The Annual Report of AMPL shall include an annual report on CSR activities on the format annexed to rules framed under Section 135, which shall include, inter alia, the following information:

- The composition of the CSR Committee of AMFL.
- The details of the CSR Policy developed and implemented by AMFL and the initiatives taken during the year
- If the company fails to spend the CSR amount as prescribed by Companies Act, 2013, the reason for not spending the required amount

Monitoring of CSR Activities

CSR committee of the company will be responsible for the monitoring of various CSR projects or programs undertaken by the company directly or indirectly. The committee shall ensure that;

- (i) Company undertakes the CSR activities as provided in the CSR policy
- (ii) The projects/ programs are implemented as per the program approved by the board
- (iii) The budget allocated for each of the project is utilized for the projects as per the approved plans.
- (iv) The objective of the project/program is achieved as per the plans

(v) Wherever projects/programs are undertaken in partnership with one or more organizations, the part of the project or program undertaken by the company shall be distinguishable and necessary supporting documents in respect of the same shall be obtained from the other partners/implementing agency on an annual basis.

Provided that 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 Company shall provide necessary resources and human capital for implementation and the effective monitoring of the CSR projects and programs as may be directed by the CSR committee.

The services of any external agencies or persons who have experience in the same or similar projects or programs undertaken or proposed to be undertaken by the company may also be made available for successful implementation and monitoring of the project.

Display of CSR Policy on the website of AMFL:

The CSR Policy, composition of CSR Committee and Annual Action Plan shall be placed on the website of AMFL for public access.

Surplus arising out of CSR Activities:

Surplus arising out of CSR activities, if any, shall not form part of the business profit of the company.

Amendment to the Policy

The Board of Directors on the recommendation of CSR committee can amend its policy as and when required deemed fit. Any or all provisions of CSR Policy would be subjected to revision/ amendment in accordance with the regulations on the subject as may be issued from relevant statutory authorities, from time to time.