

CORPORATE SOCIAL RESPONSIBILITY POLICY (CSR POLICY)

1. TITLE AND APPLICABILITY

- The document describes the Corporate Social Responsibility Policy (“CSR policy”) of M/s Kamal Fincap Pvt. Ltd. (“KFPL” or “the company”). It includes KFPL’s vision, mission and other relevant attributes of Corporate Social Responsibility.
- The CSR policy shall be guided by KFPL’s corporate philosophy of respect for the individual and the society at large.
- The CSR policy has been formulated in accordance with Section 135 of the Companies Act 2013 and the CSR Rules 2014 and the relevant amendments / notifications / circulars.
- The CSR policy shall apply to all CSR programs of KFPL

2. VISION AND MISSION

Kamal Fincap Private Limited is in the business of promoting of financial inclusion. The Company acts as Authorized Business Correspondents to multiple Banks and Non Banking Financial Companies in India.

KFPL is committed to build a sustainable business with strong social relevance and a commitment to inclusive growth and contribute to the society by supporting causes on various concerns including promoting education, promoting sports in rural areas, road safety, healthcare, environmental sustainability, and other Skill development activities.

In pursuance of our vision that KFPL desires to be a ‘Company which society wants to exist’, we are dedicated towards fulfilling the social objectives through various CSR activities. The Company shall make its endeavour to positively impact and influence the Society for its sustainable development.

3. PURPOSE

The Companies Act, 2013 has brought greater emphasis on CSR with rules that provide guidance on minimum CSR spend, focus areas, implementation mechanism and reporting to the shareholders of the company.

KFPL CSR Policy has been designed keeping in view the company’s business vision, its CSR vision and long-term social objectives that the company wants to achieve. KFPL CSR Policy has been created with the purpose to outline its CSR focus areas, review mechanism, execution process and reporting mechanism.

4. SCOPE

This Policy shall apply to all the Projects / Programmes undertaken as part of Company’s CSR activities and will be developed, reviewed and updated by reference to relevant codes of corporate governance.

5. RESPONSIBILITY OF THE BOARD OF DIRECTORS

The responsibility of the Board of Directors shall be as under:

- a) To approve the CSR Policy & disclose the contents of such policy in its report and also place it on the Company's website;
- b) Ensure that the activities proposed in the CSR Policy are undertaken;
- c) Ensure that the company spends, in every financial year, at least 2% of average net profits of the company made during the 3 immediately preceding financial years, as required under Section 135 of the Companies Act, 2013 & Rules made thereunder;
- d) If company fails to spend the sum as mentioned above, then the Board shall, in its Report specify the reasons for not spending the amount.

6. Governance Structure

6.1. Constitution of CSR Committee

A Corporate Social Responsibility Committee ("the CSR Committee") has been constituted by the Board of Directors to oversee the CSR agenda of the Company. The committee has been formed as per the requirements of Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014.

As per Section 135 of the Companies Act 2013, every company having –

- (a) Net worth of Rs.500 crores or more; or
- (b) Turnover of Rs.1,000 crores or more; or
- (c) Net profit of Rs.5 crores or more, during any financial year,

is required to spend at least 2% of its average net profit for the directly preceding three financial years on Corporate Social Responsibility (CSR) activities.

For this Purpose, 'Average Net Profit' shall be calculated in accordance with the provisions of section 198 of the Companies Act 2013 after deducting there from the dividends that may be received from the Companies in India which are covered under and complying with the provisions of section 135 of the Companies Act 2013.

The Company shall use the CSR capacities of its own personnel in executing the CSR activities and also effectively monitoring the same but such CSR expenditure shall not exceed 5% of total CSR expenditure of the Company in one financial year.

The Board of Directors shall be empowered to take decision for making or effecting changes in the constitution of the CSR Committee.

The composition of CSR Committee shall be disclosed in the Board of Directors' Report.

6.2. Responsibilities of the CSR Committee

- a) To formulate & recommend to the Board of Directors, a CSR Policy indicating the activities to be undertaken as specified in Schedule VII of the Companies Act, 2013 and modify / amend the same as required;
- b) To review and approve annual budgets with respect to CSR programs;
- c) To develop and institutionalize a CSR reporting mechanism in light with Section 135, Rule 8 of the Companies Act 2013;
- d) To ensure that KFPL corporate website displays the approved CSR policy of the company
- e) To monitor the CSR Policy, Projects and Programs from time to time.

6.3 Meetings of CSR Committee

The CSR Committee shall meet at least twice in a year. The meeting shall be held either at the registered office of the company or any other place, as may be decided by the members.

Physical presence of a minimum of two members of the committee shall constitute the quorum.

6.4 Notice of Meeting

At least three days advance notice of every meeting, specifying the day, place and timing of Meeting and the general nature of the business to be transacted there at shall be given to the members. In urgency, a meeting may be convened by shorter notice.

7. AREAS OF CSR ACTIVITIES

The Company is hereby devoted to direct its CSR resources, to a reasonable extent, for improving the quality of life of the people by focusing on the social causes, including but not limited to the following areas:

- i. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently-abled and livelihood enhancement projects;
- ii. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation, including contribution to the Swacch Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
- iii. 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;
- iv. 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;
- v. 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;
- vi. Measures for the benefit of armed forces veterans, war widows and their dependents;
- vii. Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
- viii. 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, and other backward classes, minorities and women;
- ix. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- x. Rural Development Projects;
- xi. Slum area development; and
- xii. Activities related to promotion of road safety as suggested vide General Circular No. 21/2014 dated 18.06.2014 issued by Ministry of Corporate Affairs

EXCLUSIONS:

Following activities shall be excluded from the CSR expenditure of KFPL:

- a) Activities which are exclusively for the benefit of employees of the company or their family members;
- b) Activities undertaken in pursuance of normal course of business of the Company;
- c) Direct or indirect contribution to political parties;
- d) Expenditure on item/s not in conformity with Schedule VII of the Companies Act 2013;
- e) Surplus arising out of CSR projects shall not form part of the business profits of Company instead the same will be further used for CSR purposes only.

8. MODALITIES FOR IMPLEMENTATION FOR CSR PROJECTS / PROGRAMMES

The Company shall undertake its CSR activities either directly or through a Registered Trust or through a Registered Society or established another company under section 8 of the Companies Act 2013 or even collaborate with other entities.

9. GEOGRAPHIES AND BENEFICIARIES**9.1. Geographies**

KFPL will give preference to the local areas around its operations for spending the amount earmarked for CSR activities. KFPL operations are mainly concentrated in the following areas:

- State of Rajasthan
- State of Madhya Pradesh
- State of Punjab
- State of Haryana
- KFPL may undertake CSR activities in any other area in India as may be decided, from time to time

9.2. Beneficiaries

The beneficiaries of KFPL's CSR programs may be the following categories of people:

- Children/students
- Women
- Weaker sections of the society
- Others – society at large

10. Implementation mechanism

The company may conduct / implement CSR programs by itself and/or through registered trusts, societies and / or Non profit organisations under section 8 of the Companies Act 2013 (previously section 25 of Companies Act 1956) with an established track record of at least three years in carrying on activities in the related area/s or as suggested by Ministry of Corporate Affairs vide circulars/notifications.

The company may collaborate or pool resources with other companies to undertake CSR activities and any expenditure incurred on such collaborative efforts would qualify for computing the CSR spending.

The progress will be reported to the CSR Committee during the committee meetings. The progress on CSR programs undertaken by the Company will be reported in the Annual Report in the format prescribed by the CSR Rules 2014.

Format for Annual Report

The Annual Report							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programmes 1. Local area or other 2. Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programme wise	Amount spent on the projects or programmes Sub heads: 1. Direct expenditure on projects or programmes 2. Overhead	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
Total							

11. MONITORING AND REPORTING OF CSR ACTIVITIES

The KFPL CSR team shall be responsible for day to day management of CSR related activities of the company. The team shall periodically report to the CSR committee regarding the financial and programmatic progress of CSR projects.

All projects undertaken by KFPL shall be monitored on a regular basis. On-site monitoring would also be undertaken at least once a year to ensure on-track implementation.

The CSR team shall be empowered to appoint an external third party to monitor / review / audit the progress (financial and programmatic) of the CSR projects.

12. EFFECTIVE DATE

The CSR Policy shall be effective from the date of its approval by the Board of Directors in their meeting held on dated 16th December, 2019. Provided, however, that all the acts done in pursuance of the earlier CSR Policy shall stand ratified and covered under this policy.

13. AMENDMENTS TO THE CSR POLICY

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.

CSR POLICY APPROVED ON BEHALF OF BOARD OF DIRECTORS ON **MONDAY, 16TH DAY OF DECEMBER, 2019 AT 1.30 PM**