

Corporate Social Responsibility (CSR) Policy

(Amended as per CSR Amendment Rules,2021)

Approved in the Board Meeting held on 25th May 2021

Background

At the outset, CSR activities at Ananya Finance for Inclusive Growth Private Limited (Ananya) is already in existence for the benefit of clients in the matter of capacity building, women empowerment initiatives etc.

It is recognized that integrating social, environmental and ethical responsibilities into the governance of businesses ensures long term success, competitiveness and sustainability.

Further, CSR makes business sense, as companies with effective CSR, have the image of socially responsible companies, achieve sustainable growth in their operations in the long run.

Objective

The main objective of CSR policy is to make CSR a key business process for the sustainable development of society. *Ananya will act as a good corporate citizen* and aims at supplementing the role of the Government in enhancing the welfare measures of the society within the framework of its policy.

Management Commitment

Our Board of Directors, our Management and all of our employees subscribe to the philosophy of compassionate care. We believe and act on an ethos of generosity and compassion, characterised by a willingness to build a society that works for everyone. This is the cornerstone of our CSR policy.

Definitions

- a. **CSR Activities** - Corporate Social Responsibility (CSR) activity means an activity undertaken by a company in pursuance of its statutory obligation laid down in Sec 135 of the Act.
- b. **Administrative Overheads** - Administrative overheads means the expenses incurred by the company for general management and administration of CSR functions in the company. Administrative overhead shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular CSR project or program.
- c. **Net Profit** - Net profit means the net profit of a company as per its financial statement prepared following the applicable provisions of the Act, but shall not include the following, namely: –

- (i) any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and
- (ii) any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act.

- d. CSR Committee** - CSR Committee means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act.
- e. CSR Policy** - 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.
- f. Ongoing Project** - 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.

Eligible Activities

Ananya would undertake projects or programs in line with the items listed in Schedule VII of the Companies Act, 2013, which includes the following items:

1. Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available 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;
3. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, daycare centres 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, agroforestry, conservation of natural resources and maintaining the quality of soil, air and water;
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 arts and handicrafts;
6. Measures for the benefit of armed forces veterans, war widows and their dependents;
7. Training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports;

8. 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, other backward classes, minorities and women;
9. 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 Organisation (DRDO), 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);
10. Rural Development projects;
11. Slum Area Development;
12. disaster management, including relief, rehabilitation and reconstruction activities
13. Any other measures with the approval of the Board of Directors on the recommendation of CSR Committee subject to the provisions of Section 135 of Companies Act, 2013 and rules made there-under.

However, the following activities shall be **excluded from the purview of CSR:**

1. Activities are undertaken in pursuance of the normal course of business of the company.
2. Any activity is undertaken by the company outside India except for training of Indian sports personnel representing any State at a national level or India at the International level.
3. Contribution of any amount directly or indirectly to any political party under section 182 of the Act.
4. The activities benefitting employees of the company except Apprentice engaged under the Apprentices Act 1961.
5. The activities supported by the companies on a sponsorship basis for deriving marketing benefits for their products or services.
6. The activities carried out for the fulfilment of any other statutory obligations under any law in force in India.

Organizational Mechanism and Responsibilities

The Board of Directors of the Company shall constitute a **Corporate Social Responsibility** Committee of the Board (“CSR Committee”) consisting of three or more directors, out of which at least one director shall be independent. The CSR Committee shall –

1. Formulate and recommend to the Board, a CSR policy and activities to be undertaken by the company as per Schedule VII;
2. Recommend the amount of expenditure to be incurred on the activities; and
3. Monitor the Policy of the company from time to time.
4. The CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its 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
 - (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.

The Board of every company shall –

- (a) After taking into account the recommendations made by the Corporate Social Responsibility 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.
- (b) Ensure that the activities as are included in the CSR Policy of the company are undertaken by the company. The Board shall ensure that the CSR activities are undertaken by the company itself or through eligible entities.
- (c) The Board of the 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 that effect.

Meetings of the Committee

For smooth functioning of the Committee, the members shall meet as below to discuss such matters and to take such decisions as may be necessary;

- a. The CSR Committee shall hold a minimum number of two meetings in a year.
- b. The members of the Committee may mutually agree between them regarding the time and place for the said meetings.
- c. The quorum for the CSR Committee Meeting shall be one-third of its total strength (any fraction contained in that one-third be rounded off as one) or two members, whichever is higher.
- d. The Members of the Committee may participate in the meeting either in person or through video conferencing or other audiovisual means as may be convenient.

CSR Spend

The Board of every company which meet the criteria specified under Section 135 of the Companies Act, 2013 shall 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.

Where a company spends an amount above 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
- (ii) the Board of the company shall pass a resolution to that effect.

The Board shall ensure that the administrative overheads shall not exceed five percent of the total CSR expenditure of the company for the financial year. 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. A special bank account, called an Unspent CSR Account to be opened by the company in any scheduled bank.

Failure to Spend CSR Money

Any amount remaining unspent according to any ongoing project, undertaken by a company in pursuance of its CSR Policy shall be transferred by the company in the unspent CSR Account within a period of thirty days from the end of the financial year. The amount transferred to the unspent CSR account shall be spent by the company in pursuance of its obligation towards the CSR Policy within a period of three financial years from the date of such transfer. In case, the company fails to spend the amount within a period of three financial years, it 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.

Penalty for Non-Compliance

The company shall be liable to a penalty of twice the amount required to be transferred by the company to the Fund specified in Schedule VII or the Unspent Corporate Social Responsibility Account, as the case may be, or one crore rupees, whichever is less.

Officer of the Company: Every officer of the company who is in default shall be liable to a penalty of one-tenth of the amount required to be transferred by the company to such Fund specified in Schedule VII, or the Unspent Corporate Social Responsibility Account, as the case may be, or two lakh rupees, whichever is less

Partnerships

The CSR liabilities can be undertaken through the following eligible entities: –

- (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 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.

The company vide its Board Resolution dated 05th February 2018 will consider engaging Friends of Women’s World Banking – India (FWWB-I) as the preferred partner for implementing the Corporate Social Responsibility (CSR) projects of Ananya such that FWWB-I would be given first preference to be appointed as the implementing agency and any other

agency shall be considered only if FWWB-I is unable to carry out the projects within the timelines and on terms, as mutually agreed between Ananya and FWWB-I”

Acquisition of Capital Asset

The CSR amount may be spent by a company for the 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 Rule 4(2).
- (b) Beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities, or
- (c) A public authority.

Any capital asset created by a company before the commencement of the Companies CSR Amendment Rule 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

Ongoing Projects

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. In case of the ongoing project, the Board of a Company shall monitor the implementation of the project concerning 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 limit.

CSR Reporting

The CSR Report shall be annexed with the Annual Report of the Company as per the format provided under the Act or rules thereunder.

Display of CSR activities on its Website

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



Update

CSR Committee of the Board of Ananya will review the policy from time to time based on the regulatory amendments and changing needs and aspirations of the target beneficiaries and make suitable modifications as may be necessary.

Compliance with Companies Act, 2013

Our Corporate Social Responsibility policy conforms to Section 135 of the Companies Act, 2013 and other amendments from time to time as spelt out by the Ministry of Corporate Affairs, Government of India.