

# **CSR POLICY - VANCHINAD FINANCE PRIVATE LIMITED**

## **1. Preamble**

Vanchinad Finance private limited is committed to operate and grow its business as a socially responsible corporate citizen and contribute for possible social, educational and environmental causes on a regular basis. We want to carve out a reputation for being one of the most socially and environmentally responsible companies in India. The Company maintains highest standards of corporate behavior towards its stakeholders, employees and societies in which it operates. Constitution of a Corporate Social Responsibility Committee of the Board and formulation of a Corporate Social Responsibility Policy has become mandatory under the Companies Act, 2013. Accordingly, the Company has formulated this CSR Policy which encompasses its philosophy and guides its sustained efforts for undertaking and supporting socially useful programs.

## **2. Policy statement**

The Corporate Social Responsibility (CSR) Policy focuses on addressing critical social, environmental and economic needs of the marginalized/underprivileged sections of the society.

## **3. Purpose**

The key purpose of this policy is to:

- Define the kind of projects that will come under the ambit of CSR;
- Identify broad areas of intervention in which the company will undertake projects;
- Serve as a guiding document to help in execution and monitoring of CSR projects;
- Explain the manner in which the surpluses from CSR projects will be treated.

## **4. Objectives**

- To directly or indirectly take up programme that benefits the communities in & around its work-centers and results, over a period of time, in enhancing the quality of life & economic well-being of the local populace.
- To generate, through its CSR initiatives, a community goodwill for Vanchinad and help reinforce a positive & socially responsible image of Vanchinad as a corporate entity.
- We believe that the wealth that one generates and holds is to be held as in a trust for our multiple stakeholders. With regard to CSR, this means investing part of our profits beyond business, for the larger good of society.
- To pursue a corporate strategy that enables realisation of the twin goals of stakeholders' value enhancement and societal value creation in a mutually reinforcing and synergistic manner.
- To collaborate with communities and institutions to contribute to the national mission of eradicating poverty and hunger, especially in rural areas, through knowledge sharing, empowering women economically, gender equality, supplementing primary education and participating in rural capacity building programmes and such other initiatives.

## **5. Definition**

In this policy, unless the context otherwise requires:

- (1) “**Act**” shall mean the Companies Act, 2013 and includes any statutory amendments, from time to time, and any other statutory enactment thereof.
- (2) “**Beneficiaries**” shall mean the person(s) or sector of people fructifying the benefits from the CSR activities, and shall include ecology, environment.
- (3) “**Board**” shall mean Board of Directors of Vanchinad Finance Private Limited.
- (4) “**Committee**” shall mean the CSR committee formed by the Board of Directors of the Company.
- (5) “**Company**” shall mean the Vanchinad Finance Private Limited, a Company incorporated under the provisions of the Companies Act, 1956.
- (6) “**CSR**” shall mean the Corporate Social Responsibility as defined in the Section 135 of the Act and rules made thereunder.
- (7) “**CSR activities**” shall mean the activities as prescribed by the Committee to the Board in cohesion with those enunciated in the Schedule VII of the Act.
- (8) “**CSR Expenditure**” shall mean all CSR expenditure as recommended by the CSR Committee and approved by Board of Directors.
- (9) “**Director’s report**” shall mean the report under the Section 134 of the Act, by the Company.
- (10) “**Rules**” shall mean the Companies (Corporate Social Responsibility) Rules, 2014, including any modifications, amendments or re-enactment thereof.

## **6. CSR Committee**

The Board has constituted a Committee especially for CSR known as CSR committee. The Committee should consist of three or more directors out of which atleast one should be independent Director. The Board has absolute power to remove and induct any member into the Committee.

- The members of the Committee should be of not less than 21 years of age.
- The tenure of the members shall be of 05 (five) years initial term. Thereafter, the members may be re-elected for another continuous term, every 05 (five) years.
- The Chairman of the Committee shall be elected by the members of the Committee.

## **7. Present Composition of CSR Committee**

- Adv. Puthukkunnathu Kuriakose Thankarajan (Independent Director) - Chairman
- CA Abin M Behanan (Independent Director) - Member
- Dr. Griger Cherry Williams (Whole-time Director) - Member

## **8. Meeting and quorum**

- The Committee members will meet at least once in every financial year.
- Minimum of 02 (two) members shall form the quorum.

## **9. Minutes and resolutions**

- (1) Minutes of the proceedings and resolutions of the Committee meetings shall be signed and confirmed by the Chairman. Minutes so signed and confirmed shall be conclusive evidence of such proceedings and resolutions.
- (2) Minutes of all Committee meetings will be open for inspection at any reasonable time on reasonable notice by any member of the Board of Directors of the Company.
- (3) Minutes of the Committee meeting shall be recorded in loose sheets bound and shall be initiated by the Chairman and shall be digital signed by the Chairman.
- (4) All decisions shall be taken by simple majority. In case of equality of votes on any matter, Chairman shall have a casting vote.
- (5) The Committee can also pass the resolution by circulation, if the draft resolution along with necessary papers, has been circulated to all the members of the Committee (not being less than the quorum fixed for a meeting of the Committee), then in India and has been approved by such of the members as are then in India, or by majority of such of them, as are entitled to vote on the resolution.
- (6) The records of all meetings and duly signed minutes of Committee meeting shall be maintained by the Company at a place designated by the Committee.

## **10. CSR Funds**

- (1) In every financial year, the Company should spend at least 02 (two) percentage of the average net profits of the Company made during the 03 (three) preceding financial years.
- (2) Any income arising therefrom.
- (3) Surplus arising out of activities.
- (4) Donations received from any sources.
- (5) Any unspent amount from out of the minimum required CSR expenditure, carried forward from the previous year.
- (6) However, at the recommendation of the Committee, the Board may decide to spend more amount than the profit as mentioned above.

## **11. Key focus areas and activities**

The Key focus areas and activities of CSR are chosen in such a way that the broad vision of Vanchinad Finance is fulfilled. Company shall not spend CSR fund for any activities other than those specified in Schedule VII of the Companies Act, 2013. CSR Activities of the company are;

1. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of 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, day care 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 quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.
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 art 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 govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;
9. contributions or funds provided to technology incubators located within academic institutions which are approved by the central govt;
10. rural development projects;
11. slum area development. For the purposes of this item, the term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force;
12. disaster management, including relief, rehabilitation and reconstruction activities.

**12. Duties of CSR Committee:**

As per sub section (3) of section 135 of the Companies Act, 2013, the duty of the committee shall be as follows;

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company in areas or subject, specified in Schedule VII;
- Recommend the amount of expenditure to be incurred on such activities;
- Monitor the Corporate Social Responsibility Policy of the company from time to time.

**13. Duties of Board:**

- Approve CSR Policy and modification thereof as may be deemed necessary.
- Ensure implementation of CSR policy and monitoring of CSR expenditures.
- Disclose the contents of CSR policy in the Board report.

- Ensure spending of CSR amounting to at least 2% of the average net profit of the preceding three financial years.

**14. Monitoring Process**

The Monitoring process of CSR activities will be determined by the CSR Committee on a case-to-case basis depending upon the nature of the CSR activity and the manner of implementation. Progress of identified CSR projects would be monitored by the CSR Committee on a periodical basis.

**15. CSR Budget**

The total budget for the CSR projects will be decided by the CSR Committee.

**16. Reporting & Display**

CSR activities will form part of the company's Director's Report. The reporting would be in the format prescribed under the Companies Act, 2013 and the Rules in respect thereof. The CSR Policy will be reviewed by the board from time to time and any modification/ amendment to the same can be made only with the approval of the board. The annual report of CSR activities along with the contents of the CSR policy of the Company shall be displayed on the Company's website.

**17. Implementation process**

All projects are identified in a participatory manner, in consultation with the community and gauging their basic needs. The Company recourse to the participatory rural appraisal mapping process. Subsequently, based on a consensus and in discussion with concerned, CSR activities are prioritized.

**18. Computation of net profit for CSR**

For the purpose of Section 135, "Average Net Profit" shall be calculated in accordance with the provisions of Section 198 of the Act.

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**APPROVED AND ADOPTED IN THE BOARD MEETING HELD ON 10.07.2019**