



CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

1. INTRODUCTION

This corporate social responsibility policy ("Policy") is MS Fincap Private Limited ("MSFC")'s commitment to its stakeholders to conduct business in an economically, socially and environmentally sustainable manner that is transparent and ethical.

This policy shall apply to all corporate social responsibility ("CSR") initiatives and activities taken up by MSFC to program and projects of MSFC for the benefit of social and economic development.

Under the provisions of Section 135 of the Companies Act, 2013 ("Act") and Companies (Corporate Social Responsibility Policy) Rules, 2014 ("CSR Rules"), as amended time to time, CSR Committee of the Board and formulation of a Policy became a mandatory requirement. Therefore, the Company seeks to formulate a robust CSR Policy which encompasses its philosophy and guides its sustained efforts for undertaking and supporting socially useful programs for the welfare & sustainable development of the society.

2. PURPOSE OF THE POLICY

In alignment with the vision of MSFC, through its CSR initiatives, shall continue to enhance value creation in the society and in the community in which it operates, through its services, conduct and initiatives, to promote sustained growth for the society and community, in fulfilment of its role as a socially responsible corporate, with environmental concern.

This Policy will serve as a principle guiding document for MSFC's CSR activities and will provide for a framework and guiding principle for selection, implementation, governance, management and monitoring of CSR initiatives and formulation of the annual action plan of MSFC.

Further, 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.

MSFC is committed to identifying and supporting programs aimed at:

- a) Developing and advancing the community and in particular, those at the bottom of the pyramid who are unequally endowed/enabled, and also
- b) To pursue a corporate strategy that enables the realisation of the twin goals of stakeholders' value enhancement and societal value creation in a mutually reinforcing and synergistic manner.

3. SELECTION OF CSR ACTIVITIES

Identification of thrust areas and strategic initiatives: For purposes of focusing its CSR efforts in a continued and effective manner, MSFC has identified the following thrust areas/projects/programs:

- a) Employment generation;
- b) skill development;
- c) Rural area development;
- d) Healthcare/ medical facility;
- e) Community development;
- f) Education/literacy enhancement;

- g) Women empowerment;
- h) Environment Protection;
- i) Protection of natural and manmade heritage;
- j) Promotion of sports activity;
- k) Contribution to funds set up by the central government;
- l) Rural development projects;
- m) Technology promotion and up-gradation;
- n) Safe drinking water;
- o) Reducing inequality faced by socially and economically backward groups and
- p) Such other area/project as may be approved by Board.

Activities which are not covered within the ambit of CSR Activities Subject to the provisions of the Act and the CSR Rules, the following activities will not be considered as CSR activities:

- a) any activity undertaken outside India except for training of Indian sports personnel representing any State or Union territory at the national level or India at international level;
- b) contribution of any amount directly or indirectly to any political party under section 182 of the Act;
- c) activities benefitting employees of MSFC as defined in clause (k) of section 2 of the Code on Wages, 2019;
- c) activities supported by MSFC on a sponsorship basis for deriving marketing benefits for its products or services;
- d) activities carried out for the fulfilment of any other statutory obligations under any law in force in India.

4. GOVERNANCE

The primary purpose of the Corporate Social Responsibility Committee (hereinafter referred to as the “CSR Committee”/Committee) of the Board of Directors (hereinafter referred to as the “Board”) of MS Fincap Private Limited (hereinafter referred to as the “Company”) shall be to support the efforts of the Board and the Company in fulfilling its CSR requirements.

The CSR Committee will have general responsibility for:

- a) Formulating and recommending to the Board a CSR policy identifying the areas of CSR activities to be undertaken by the Company (in areas or subject, specified in Schedule VII).
- b) Recommending the amount of expenditure to be incurred on the identified CSR activities.
- c) Implementing and monitoring the CSR Policy from time to time.
- d) Coordinating with the Company or such other Agency in implementing programs and executing initiatives as per policy of the Company.
- e) Formulating a CSR annual action plan and recommending it to the Board.

In addition, the purpose and mandate of the Committee shall include such other items/ matters prescribed under applicable law or prescribed by the Board in compliance with applicable law from time to time. The Committee will further report to the Board on the progress of the CSR initiatives and will make the relevant disclosures (internal / external) from time to time.

5. COMMITTEE MEMBERSHIP AND ORGANISATION

The CSR Committee Members will be appointed by the Board of the Company. The Company's CSR Committee shall include at least three directors out of which one shall be an Independent Director. The Chairman of the Committee shall be designated by the Board.

6. PROCEDURES AND ADMINISTRATION:

i. CONSTITUTION OF THE CSR POLICY:

The Company's CSR Policy shall be recommended by the Committee and approved by the Board from time to time.

ii. MEETINGS:

The Committee shall conduct meetings at least once during the Financial Year and additional meetings shall be held based on the business needs or on the request of the Members of the Committee.

iii. QUORUM:

The quorum necessary for transacting business at a Meeting of the Committee shall be two members or one-third of the Members of the Committee, whichever is greater.

iv. CIRCULAR RESOLUTION

The Committee shall have the power to pass a resolution by circulation, by circulating the draft resolution together with necessary papers, if any, to all the Members of the Committee, at their address registered with the Company by such means, as prescribed under the provisions of the Companies Act, 2013.

The resolution so, passed shall be noted at subsequent Meeting of the Committee, and made part of the Minutes of the Committee Meetings.

v. DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

(a) TERMS OF THE REFERENCE

The terms of reference of the CSR Committee shall be in compliance with Section 135 of the Companies Act, 2013 read with the rules made thereunder.

(b) ROLES AND RESPONSIBILITIES OF THE COMMITTEE

- The Committee shall recommend a CSR Policy of the Company to the Board for their approval.
- The Committee shall annually review the CSR Policy and associated frameworks, processes and practices of the Company and make appropriate recommendations to the Board.
- The Committee shall identify the initiative areas of CSR activities and recommend the amount of expenditure to be incurred on such activities.
- The Committee shall ensure that the Company is taking the appropriate measures to undertake and implement CSR Projects successfully and shall monitor the CSR Policy from time to time.
- The Committee will coordinate with the Company such other Agency for implementing programs and executing initiatives as per CSR Policy and shall review of performance of the Company.
- The Committee shall regularly report to the Board.

- The total budget for the CSR activities/ projects will be recommended by the CSR Committee and shall be approved by the Board of Directors of the Company.

vi. AUTHORITIES:

- The Committee shall have access to any internal information necessary to fulfil its role.
- The Committee shall have authority to obtain advice and assistance from internal or external legal, accounting or other advisors.
- The Committee shall have the power to oversee the preparation and reviewing the developed CSR Report.
- The Committee shall have the authority, without further approval of the Board, to conduct or authorize investigations into or studies of matters within the scope of the Committee's duties and responsibilities including, review and initiate CSR programs/ projects on behalf of the Company.

7. REPORTING

The Committee shall report on its activities, and summarize any recommendations at Board Meetings. It shall also draft an appropriate report for inclusion in the Company's annual report, if applicable.

8. EVALUATION

- The Committee, if deemed necessary may conduct a performance evaluation relative to its purposes, duties, responsibilities and effectiveness, any changes, it considers necessary for the approval of the Board of Directors.
- The Committee may conduct such evaluation and reviews at such intervals and in such manner as it deems appropriate.

9. CHARTER

The CSR Committee shall periodically review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.

Duties of Board:

- (a) The Board shall approve the CSR Policy, based on the recommendation of the CSR Committee and ensure that the activities included in this Policy are undertaken by MSFC.
- (b) Ensure the implementation of this Policy and monitoring of CSR expenditures.
- (c) Disclose the contents of the CSR policy in the Board report.
- (d) Ensure CSR spending amounting to at least 2% (Two Percent) of the average net profit of the preceding 3 (Three) financial years in accordance with Section 135 of the Act.
- (e) The Board shall satisfy itself that the funds so disbursed have been utilised for the purpose of and in the manner as approved by it and the chief financial officer or the person responsible for financial management shall certify to the same;
- (f) The Board shall ensure disclosure of names of the CSR Committee members, the content of this Policy and reporting of its CSR activities on the website of MSFC and in annual reports in the formats prescribed under the Act and/or the CSR Rules.
- (g) Approval regarding the fund allocation and reallocation for CSR projects on recommendation of CSR Committee.

The CSR committee will formulate and recommend to the Board, an annual action plan in pursuance of this Policy, which will 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 Rule 4(1) of the CSR Rules;
- (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 MSFC.

10. IMPLEMENTATION OF CSR ACTIVITIES

MSFC shall synergize its efforts with the State Governments, District Administration, Local Administration as well as Central Government departments, agencies, fund managers, organizations, etc., for fulfilling its corporate social responsibility, if required.

Upon identification of CSR activities/programmes, the Board may decide and approve to undertake its CSR activities as recommended by the CSR Committee, itself or through ("Implementing Agency"):

- (a) A company established under Section 8 of the Act or a registered public trustor registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under Section 12A and 80G of the Income Tax Act, 1961 established by MSFC, either singly or along with other company; or
- (b) A company established under Section 8 of the Act or a registered public trustor registered society, registered under Section 12A and 80G of the Income Tax Act, 1961 established by the Central Government or State Government; or
- (c) Any entity established under an Act of Parliament or State legislature; or
- (d) A company established under Section 8 of the Act or a registered public trust or registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under Section 12A and 80G of the Income Tax Act, 1961 and has an established track record of at least 3 (Three) years in undertaking similar activities.

MSFC will specify the projects or programs to be undertaken, the modalities of utilisation of funds of such projects and programs and the monitoring and reporting mechanism to the Implementing Agency, if implemented through any Implementing Agency.

MSFC 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.

According to the proviso to Section 135(5) of the Act, MSFC shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for CSR activities. MSFC shall strive to focus that its CSR Activities are concentrated in nearby areas where the business operation of MSFC is carried at H.O. or Branch level.

The CSR Committee and/or Board may authorize any director/official of MSFC or may constitute any sub-committee of such members as it may deem fit for purpose of implementation of CSR Policy. To ensure effective implementation of the CSR programmes undertaken at the work centre, a monitoring mechanism will be put in place by the committee/sub-committee.

11. RESOURCES AND FUNDING

MSFC, being a responsible corporate citizen, will make a provision from the annual CSR Budget allocation, towards the following expenditure heads, on a year on year basis:

- (a) Eradicating hunger, poverty and malnutrition, promoting 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.
- (b) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently-abled and livelihood enhancement projects.
- (c) 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.
- (d) 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.
- (e) 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;
- (f) Measures for the benefit of armed forces veterans, war widows and their dependents.
- (g) Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports. (h) 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.
- (i) Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government.
- (j) Rural development projects.
- (k) Slum area development
- (l) Swachh Bharat Abhiyan
- (m) Clean River Ganga Project

For achieving its CSR objectives through the implementation of meaningful and sustainable CSR programmes, MSFC will allocate 2% (Two Percent) of the average net profits of MSFC made during 3 (Three) immediately preceding financial years, as its Annual CSR Budget.

The Board shall ensure that the administrative overheads does not exceed 5% (Five Percent) of the total CSR expenditure of MSFC for the financial year.

Any surplus arising out of the CSR activities will not form part of the business profit of MSFC and will be ploughed back into the same project or will be transferred to unspent CSR Account and spent in pursuance of the CSR policy and annual action plan of MSFC or transfer such surplus amount to a fund specified in Schedule VII within a period of 6 months from the expiry of the financial year.

MSFC may spend the CSR Amount for the creation or acquisition of a capital asset, which will 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) of the CSR Rules; or
- (b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
- (c) A public authority.

In the event, MSFC spends an amount in excess of the requirement provided under Section 135(5) of the Act in a financial year, such excess amount may be set off against the requirement to spend under Section 135(5) of the Act up to immediate succeeding 3 (Three) financial years subject to following:

- (a) The excess amount available for set-off shall not include the surplus arising out of the CSR activities, if any, in pursuance of Rule 7(2) of the CSR Rules.
- (b) The Board of Directors passes a resolution to that effect.

In case any amount is remaining Unspent, treatment of such unspent amount shall be done in accordance with Sub Section 6 of Section 135 of the Company Act, 2013.

12. MONITORING OF CSR ACTIVITIES

CSR programmes/projects shall be undertaken to the best possible extent within the defined ambit of the identified 'thrust areas'.

The time period/duration over which a particular programme shall be spread shall depend on its nature, the extent of coverage and the intended impact of the programme.

Appropriate documentation of MSFC CSR Policy, annual CSR activities, executing partners, agreements, report and expenditure entailed will be undertaken on a regular basis and the same will be reported to the Committee and/or Board.

The CSR Committee has the power to appoint authorized officials, employees of MSFC, any consultant and professional to monitor CSR programmes.

13. CSR REPORTING AND DISCLOSURE

The Board's Report of MSFC pertaining to a financial year shall include an annual report on CSR containing particulars as specified in the Act and CSR Rules.

Powers for approval

(a) CSR programmes as recommended by the CSR Committee to the Board at the beginning of each financial year and be approved by the Board and be implemented in accordance with this Policy.

(b) For meeting the requirements arising out of immediate and urgent situations, MD/CEO of MSFC is authorised to approve proposals/ project/ programme covering the CSR activities on the basis of the recommendation accorded to him by the CSR Committee.

Implementing Agency: MSFC will seek to identify suitable programmes and implementing the Agency for implementation in line with the CSR objectives of MSFC and also benefit the stakeholders and the community for which those programmes are intended.

Agreement between MSFC and executing agency: Once the programmes approved by the CSR Committee of the Board, if required, any of the Senior team members shall enter into an agreement with Implementing Agency of CSR Programmes.

14. IMPACT ASSESSMENT

If MSFC is required under Rule 8(3) of the CSR Rules to undertake impact assessment, MSFC will undertake an impact assessment of its CSR projects in accordance with said Rule.

The impact assessment reports will be placed before the Board and shall be annexed to the Annual Report on CSR.

MSFC undertaking impact assessment may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed 2% (Two) of the total CSR expenditure for that financial year or Rs. 50 Lakh, whichever is higher.