

MANGAL CREDIT AND FINCORP LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY

(‘CSR Policy’)

INTRODUCTION

The provision of Section 135 of the Companies Act, 2013 read with The Companies (Corporate Social Responsibility Policy) Rules, 2014 and amendments made therein (referred herein as 'the Act' and 'the Rules') require those companies that are falling within the purview of the said Section to undertake Corporate Social Responsibility (CSR) activities and allocate a percentage of its profit before tax for such activities.

Mangal Credit and Fincorp Limited ('MCFL' or 'Company') is registered with the Reserve Bank of India (RBI) as a Non - Systemically Important Non-Deposit Accepting Non-Banking Financial Company (NBFC-ND-NSI). Mangal Credit and Fincorp Limited as a Company strives to be a responsible organization that has minimal negative impact on the global or local environment, community, society, oreconomy. To carry forward this endeavor, the Corporate Social Responsibility policy ("the Policy") of Mangal Credit and Fincorp Limited ("MCFL" or "the Company") defines the framework for conducting Corporate Social Responsibility activities for the Company.

CSR is a way of conducting business, by which corporate entities contribute to the social good of its stakeholders and beyond. The essence of CSR is to integrate economic, environmental and social objectives with the company's operations and growth. CSR is the process by which an organization thinks about and evolves its relationships with society for the common good and demonstrate its commitment by giving back to the society for the resources it used to flourish by adoption of appropriate business processes and strategies.

This policy applies to all CSR initiatives and activities taken up at the various work centers and locations of MCFL, for the benefit of various segments of the society, with the emphasis on the under privileged.

DEFINITIONS

(1) In these rules, unless the context otherwise requires:-

(a) "**Act**" means the Companies Act, 2013;

(b) "**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;

(c) "**Annexure**" means the Annexure appended to these rules;

(d) "**Corporate Social Responsibility (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 organizations 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;

(e) "**CSR Committee**" means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act;

(f) "**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;

(g) "**International Organization**" means an organisation notified by the Central Government as an international organisation 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;

(h) "**Net profit**" means the net profit of a company as per its financial statement prepared in accordance with 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;

Provided that in case of a foreign company covered under these rules, net profit means the net profit of such company as per profit and loss account prepared in terms of clause (a) of sub-section (1) of section 381, read with section 198 of the Act;

(i) "**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;

(j) "**Public Authority**" means 'Public Authority' as defined in clause (h) of section 2 of the Right to Information Act, 2005 (22 of 2005);

(k) "**Section**" means a section of the Act.

(2) Words and expressions used and not defined in these rules but defined in the Act shall have the same meanings respectively assigned to them in the Act.]

CSR PURPOSE

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

CSR SCOPE

The Company endeavors to make CSR a key business process for sustainable development. MCFL is responsible to continuously enhancing shareholders' wealth. It is also committed to its other stakeholders to conduct its business in an accountable manner that create a sustained positive impact on society.

The activities to be taken up during any financial year shall be within the purview of the areas or subjects specified by the MCA under Schedule VII of the Companies Act, 2013, (including any statutory modifications or re-enactment thereof for the time being in force). The activities shall relate to:

- i. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.
- ii. Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- 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, 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.
- 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 art and handicrafts.
- vi. Measures for the benefit of armed forces veterans, war widows and their dependents.
- vii. Training to promote rural sports, nationally recognised 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 govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women.
- ix. 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).
- x. Rural development projects.
- xi. Slum area development.
Explanation- 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.
- xii. Disaster management, including relief, rehabilitation and reconstruction activities.

COMPLIANCE, MONITORING AND REPORTING

Compliance with this policy will be continuously monitored by the CSR Committee at its meeting(s), subject to annual review by the Board of Directors. The Contents of this policy shall be disclosed in the Board report and placed on the Company's website. Compliance will be reported to stakeholders through the Company's Annual Report.

The Board shall ensure spending of allocated amount on CSR activities and report the status in its annual report, also specify the reasons of non-spending of the allocated amount, if any. The members of the CSR committee shall be appointed or removed by the Board of Directors by way of Resolution. Company Secretary shall be the Secretary of the CSR Committee. The minutes of CSR committee meetings shall be placed before the Board meeting.

RESPONSIBILITIES OF CSR COMMITTEE

- Formulate and recommend the CSR Policy to the Board for approval;
- Recommend to the Board for its consideration and approval CSR activities identified and to be undertaken during the financial year which are in lines with the activities specified in Schedule VII and amount of expenditure to be incurred for each activity/project;
- Put monitoring mechanisms in place to track the progress of each project;
- Meet at least once a year to review the progress made;

CSR BUDGET

Mandatory annual spending on CSR Activities in any particular financial year shall be 2% of the average of the annual net profit of the preceding three financial years.

The total budget for the CSR projects, for a financial year will be decided by the CSR Committee.

In case at least 2% of average net profit of the last 3 years is not spent in a financial year, reasons for the same to be specified in the CSR report.

CSR EXPENDITURE

(1) The board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.

(2) 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.

(3) Where a company spends an amount in excess of 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, in pursuance of sub-rule (2) of this rule.

(ii) the Board of the company shall pass a resolution to that effect.

(4) The CSR amount may be spent by a company for 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 sub-rule (2) of rule 4; or

(b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or

(c) a public authority;

Provided that any capital asset created by a company prior to the commencement of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 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.

The following shall not be treated as expenditure under CSR activities:

- Any expenditure that benefits only employees or their families;*
- Contribution of any amount to any political party under the Companies Act, 2013 (and any amendments thereto) section 182;*
- Any CSR expenditure undertaken out of India*
- Any other activities pursued in the normal course of business of the company.*

IMPLEMENTATION

(1) *The Board shall ensure that the CSR activities are undertaken by the company itself or through, -*

(a) *a company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961 (43 of 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, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.*

Explanation. - For the purpose of clause (c), the term "entity" shall mean a statutory body constituted under an Act of Parliament or State legislature to undertake activities covered in Schedule VII of the Act.

(2)

(a) *Every entity, covered under as stated above, who intends to undertake any CSR activity, shall register itself with the Central Government by filing the form CSR-1 electronically with the Registrar, with effect from the 01st day of April 2021*

Provided that the provisions of this sub-rule shall not affect the CSR projects or programmes approved prior to the 01st day of April 2021.

(b) *Form CSR-1 shall be signed and submitted electronically by the entity and shall be verified digitally by a Chartered Accountant in practice or a Company Secretary in practice or a Cost Accountant in practice.*

(c) *On the submission of the Form CSR-1 on the portal, a unique CSR Registration Number shall be generated by the system automatically.*

(3) *A company may engage international organizations for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy as well as for capacity building of their own personnel for CSR.*

(4) *A company may also collaborate with other companies for undertaking projects or programmes 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 programmes in accordance with these rules.*

(5) *The Board of a company shall satisfy itself that the funds so disbursed have been utilized 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 the effect.*

(6) *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.*

EXECUTION

The CSR Committee shall review the proposals presented by the CSR team and the management team for the projects to be supported, detailed plan, modalities of execution, implementation schedule, monitoring process and amount to be allocated to each project.

CSR Committee will satisfy itself about the projects, their promoters, efficacy, implementation team, timeframe, costs etc., as well as whether it falls within the areas mentioned in the Act. Based on its deliberations, the Committee will present to the Board of Directors, the projects and the amount that it recommends for support.



MCFL may also facilitate the involvement of its employees in CSR projects and events, giving them an opportunity to engage in socially meaningful activities, thus, enabling them to realize their full potential and role as socially responsible citizens. If the Company builds CSR capacities of its own personnel as well as those of their implementing agencies through institutions with established track records of at least three financial years, such expenditure shall not exceed five percent of total CSR expenditure of the company in one financial year. Expenditure, here, includes expenditure on administrative overheads.

The Board may decide to undertake its CSR activities approved by CSR Committee by a company established under section 8 of the Act or a registered trust or a registered society, established by the company, either singly or along with any other company, or by 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 any entity established under an Act of Parliament or a State legislature.

Where the Company decides to undertake CSR activities through company established under section 8, registered trust or a registered society other than established by Company itself or the Central Government or State Government or any entity established under an Act of Parliament or a State legislature, the Company shall ensure such company or trust or society shall have an established track record of three years in undertaking similar programs or projects. The Company shall specify the projects to be undertaken, modes of utilization of funds for such projects and programs and shall put in place monitoring and reporting mechanism.

The CSR policy & updates shall be displayed on the company's website.

APPLICABILITY

The CSR Policy has been adopted by the Board of Directors on 18th October, 2022 and shall come into force with immediate effect.