

# **MANGAL CREDIT AND FINCORP LIMITED**

## **CORPORATE SOCIAL RESPONSIBILITY POLICY (‘CSR Policy’)**

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### **CORPORATE SOCIAL RESPONSIBILITY POLICY**

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, or economy. To carry forward this endeavor, the Company has framed a CSR (Corporate Social Responsibility) policy and frame work, which elaborates its intent, mechanism and monitoring methodology towards CSR.

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.

#### **DEFINITIONS**

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In this CSR Policy, unless the context otherwise requires

- i. "**Act**" means the Companies Act, 2013 and rules made thereunder (as amended);
- ii. "**Board**" means the Board of Directors of the Company and will include any Committee of the Board;
- iii. "**Corporate Social Responsibility (CSR)**" means and includes:
  - a. Projects or programs relating to activities specified in **Schedule VII** to the Act as amended from time to time; or
  - b. Projects or programs relating to activities undertaken by the Board in pursuance of recommendations of the CSR Committee as per CSR Policy of the Company subject to condition that such policy shall cover subjects enumerated in Schedule VII of the Act.
- iv. "**CSR Committee**" shall mean the committee of the board constituted in terms of Section 135 of the Companies Act, 2013 read with Rule 5 of the rules.

## **CSR ACTIVITIES**

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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 Swach 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 vocation 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.

### **WHAT IS NOT A CSR ACTIVITY**

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Following activities will not be considered as CSR activities:

- that benefit only the employees of the Company and their families;
- contribution of any amount directly or indirectly to any political party under the provisions of the Companies Act, 2013;
- activities undertaken in pursuance of normal course of business of a Company.

### **IMPLEMENTATION**

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MCFL intends to implement the CSR Programmes through Company personnel or through external implementing agencies or through 'Mangal Charitable Trust' (and other Trusts, Foundations and Section 8 companies that may be established by the Company from time to time). In such cases, the Company will specify the CSR Programmes which may be undertaken by those Trusts in accordance with their objects and administrative and accounting processes laid down in the respective Trust Deeds/ Memorandum and Articles of Association.

Recommendations of the CSR activities in any locations and budget allocations thereof shall be sent to the Secretary of the CSR Committee, who shall place the same before the Committee in its meeting. The CSR committee shall, if consider fit, recommend such activity and amount to be spent on such activity to the Board for its approval.

### **COMPLIANCE, MONITORING AND REPORTING**

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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**

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- 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 atleast once a year to review the progress made;

## **CSR BUDGET**

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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.

## **TREATMENT OF SURPLUSES**

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Any surplus generated from CSR projects undertaken by the Company will be tracked and channelized into the CSR corpus. These funds will be further used in development of the CSR projects and will not be added to the normal business profits.

The CSR Policy has been adopted by the Board of Directors on 14<sup>th</sup> February, 2020, and shall come into force with immediate effect.