



Corporate Social Responsibility (CSR) Policy

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Corporate Social Responsibility (CSR) Policy

1. Introduction

Kinara Capital envisions a financially inclusive world where every entrepreneur has equal access to capital. It transforms lives, livelihoods and local economies by providing fast and flexible loans without property collateral to small business entrepreneurs in India.

Our CSR Strategy is driven by the theme "Transformation". Kinara Capital foresees CSR to drive the impact for marginalized group of society through various CSR campaign and programs.

2. Objective and Scope

2.1. Objective

The main objective of the CSR Policy is to lay down guidelines for impacting and transforming lives. In this aspect, our focus will be on the areas mentioned below:

- a. Creating opportunities to drive impact for marginalized groups
- b. Partnering with diverse stakeholders, to achieve our social development goals
- c. Creating opportunities for employees to participate in socially responsible initiatives

2.2. Scope & Coverage

The CSR activities of the Company shall include, but not limited to any or all of the sectors/activities as may be prescribed by Schedule VII of the Companies Act, 2013 amended from time to time. Further, the Company will review the sectors/activities from time to time and make additions/ deletions/ clarifications to the above sectors/activities.

3. Corporate Social Responsibility (CSR) Committee

3.1. Constitution

Pursuant to the provisions of Section 135 of the Act, the Board at its meeting held on

07th May, 2019 constituted the Corporate Social Responsibility (CSR) Committee. The Members of CSR Committee shall consist of 3 (Three) Directors out of which one shall be an Independent Director, who shall chair the Committee. The Company Secretary shall act as Secretary to the CSR Committee.

3.2. Functions and Powers of Committee

To effectively implement the objectives of the Company with respect to CSR, the Committee is vested with the following functions and powers:

- a. Formulate CSR Policy and recommend the same to the Board of Directors of the Company for approval
- b. Recommend CSR activities as stated under Schedule VII of the Act
- c. Recommend the CSR Budget
- d. Spend the allocated CSR amount on the CSR activities once it is approved by the Board in accordance with the Act and the CSR Rules
- e. Create transparent monitoring mechanism for implementation of CSR initiatives in India
- f. Submit the Reports to the Board in respect of the CSR activities undertaken by the Company
- g. Monitor CSR Policy from time to time
- h. Formation of an Internal Committee consisting of authorized executives of the Company
- i. Determine the terms of reference and scope of work for the Internal Committee
- j. Monitor activities of Internal Committee from time to time basis
- k. Authorize executives of the Company to attend the CSR Committee Meetings, if necessary

3.3. Meetings of CSR Committee

For smooth functioning of the CSR 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 every year.
- b. The members of the Committee may mutually agree between them regarding time and place for the said meetings.
- c. The quorum for the CSR Committee Meeting shall be two members.
- d. The Members of the Committee may participate in the meeting either in person or through video conferencing or other audio visual means in accordance with the provisions of Companies Act, 2013

4. CSR Budget

Section 135 of the Companies Act, 2013 prescribes that the companies which meets the specified criteria shall allocate at least 2% of the average net profit made during the three immediate preceding financial years.

"Average net profit" shall be calculated in accordance with the provisions of Section 198 of the Companies Act, 2013

4.1. CSR Expenditure

The CSR expenditure shall include all expenditure including contribution to corpus or on projects or programs relating to CSR activities approved by the Board of Directors on the recommendation of CSR Committee but does not include any expenditure on an item not in conformity or not in line with activities stated under Schedule VII of the Act.

4.2. Expenditure on CSR capabilities

The Company may build CSR capabilities of their own personnel as well as of their Implementing Agencies and such expenditure shall not exceed 5% of the total CSR spend of the Company as stated in the Rules from time to time. Determination of whether a particular expenses fall within this 5% cap can be decided in consultation of the Chief Financial Officer of the Company based on the clarification available from time to time in this regard.

4.3. Failure to spend the CSR Money

If the Company fails to spend the required amount in a particular financial year, it is the duty of the Committee to submit a report in writing to the Board of Directors specifying the reasons for not spending the amount, which in turn shall be reported by the Board of Directors in their Annual Report pertaining to that particular Financial Year

4.4. Surplus

Surplus, if any, arising out of the CSR projects or programs or activities shall not form part of the business profit of the Company.

The Company may either undertake CSR activities on its own or collaborate or pool resources to undertake CSR activities, through any non-profit organization, if required.

5. CSR Initiatives

Pursuant to Schedule VII of the Act and the CSR Rules, the Company shall undertake CSR activities included in its Annual CSR Plan, as recommended by the CSR Committee at the beginning of each year. The Committee is authorized to approve any modification to the existing Annual CSR Plan or to propose any new program during the financial year under review.

5.1. Annual CSR Plan

The Annual CSR Plan is a yearly plan of CSR activities that would be placed before the Board of Directors of the Company based on recommendation of its CSR Committee which outlines inter alia the following aspects of CSR initiatives of the Company:

- Project Proposals
- Targeted Beneficiaries and their key needs
- Alignment with Schedule VII
- Project Goals and milestones
- Activities and Timelines including expected closure dates
- CSR Budget with projections
- Monitoring mechanism
- Progress reporting and frequency of reports
- Risks and mitigation strategies depending on the nature of the Project
- Any other information as may be required by the CSR Committee

5.2. Implementation of CSR Initiatives

The Company may directly or through a registered trust, society or Company established under Section 8 of the Companies Act, 2013 undertake CSR activities in accordance with Rule 4 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 for purposes directly relatable to programs covered under Schedule VII of the Act.

5.3. Collaboration

It is expressly allowed under the CSR Rules that the Company may collaborate with any other Company or association formed in this regard subject to approval by CSR Committee, to implement CSR activities and the same shall form a part of the Annual CSR Plan.

5.4. Disqualifying Activities for CSR

- a. The CSR Rules disqualifies the CSR projects and programs that are implemented by the Company for benefit of the employees of the Company and their families.
- b. The CSR activities implemented outside India also fall outside the purview of the Rules and hence CSR expenditure on such activities will not be considered for inclusion in the CSR Report.
- c. Any amount directly or indirectly contributed towards any political party under Section 182 of the Act shall not be considered as CSR Spend.
- d. Activities that are undertaken by the Company in pursuance of its normal course of business will not be considered as CSR activities.
- e. Activities considered as one-off events such as marathons/ awards/ charitable contribution/ advertisement/sponsorships of TV programmes etc. would not be qualified as part of CSR activities

As per the CSR Rules, the contents of the CSR Policy shall be included in the Board's Report and the same shall be displayed on the Company's website.

6. Policy Review and Future Amendment

The administration and execution of identified CSR projects, programs and activities shall be carried out under the control and supervision of the Internal Committee formed for this purpose. The Internal Committee shall submit its report on quarterly basis to the CSR committee formed under the Act, which shall be responsible for overall monitoring of the CSR activities.

The CSR Committee shall report about the progress of such activities/projects/programs to the Board at least once in every six months or as and when required by the Board.

Further, the Board of Directors may revise/ amend this CSR Policy based on the recommendations of the CSR committee or to bring the same in line with the guidelines or amendments issued from time to time by Government on the subject.