

KINARA CAPITAL PRIVATE LIMITED

(formerly known as Visage Holdings and Finance Private Limited)
RBI Registration: B-02.00255 | CIN: U74899KA1996PTC068587



Corporate Social Responsibility

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Corporate Social Responsibility (CSR) Policy

1. Introduction

Kinara Capital is a non-banking financial company (NBFC) registered with the Reserve Bank of India (RBI). Founded in 2011, Kinara Capital is focused on driving financial inclusion of small business entrepreneurs within the micro-small-medium enterprise (MSME) sector. Furthering the company's strong commitment to India's entrepreneurs, Kinara Capital's corporate social responsibility (CSR) program furthers advancement of women micro-entrepreneurs, by providing access to skills training, market linkages, networking, business basics, etc.

2. Background

Kinara Capital Private Limited (Earlier known as Visage Holding and Finance Private Limited) has developed this Corporate Social Responsibility Policy ("the Policy") in compliance with the provision of Section 135 of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014 ("the Rules") and any amendment thereof.

3. Objective and Scope

3.1 Objective

The main objective of the CSR Policy is to:

- Define the kind of projects that will come under the ambit of CSR.
- Define the guiding principles for formulation of an annual action plan, selection of CSR Projects and CSR entities.
- Specify modalities of execution of such CSR projects.
- Define the guiding principles for selection of CSR Projects and CSR entities.
- Specify implementation schedule of the CSR projects.
- Serve as guiding document to monitor the CSR projects.
- Explain the manner in which the surpluses/Unspent, if any, from CSR projects will be treated.

3.2 Scope & Coverage

The CSR activities of the Company shall include the sectors/activities as may be prescribed by Schedule VII (here mentioned as Annexure 1) 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.

3.3 Definitions

- **"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:-
 - Activities undertaken in pursuance of normal course of business of the company:
 - 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.
 - Contribution of any amount directly or indirectly to any political party under section 182 of the Act.
 - Activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019).
 - Activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services.
 - Activities carried out for fulfilment of any other statutory obligations under any law in force in India.
 - **"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.
 - **"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 program.
 - **"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:-
 - Any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and 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.

• **“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.

Any other term used and not defined herein shall have the same meaning as defined in the Companies Act, 2013, rules framed under Companies Act, 2013, or any other applicable law or regulation.

4. Corporate Social Responsibility (CSR) Committee

4.1 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.

4.2 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 which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
- b. To formulate and recommend to the Board, an annual action plan in pursuance of Corporate Social Responsibility Policy, which shall include the following, namely:-
- c. The amount of expenditure to be incurred on the activities referred to in clause 'a' above.
- d. The list of Corporate Social Responsibility projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act.
- e. The manner of execution of such projects or programmes as specified in subrule (1) of rule 4.
- f. The modalities of utilisation of funds and implementation schedules for the projects or programmes.
- g. Monitoring and reporting mechanism for the projects or programmes and Details of need and impact assessment, if any, for the projects undertaken by the company:

The Board may alter such plan at any time during the financial year, as per the recommendation of its Corporate Social Responsibility Committee, based on the reasonable justification to that effect.

Further, 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.”

- a) Monitor CSR Policy from time to time.
- b) Formation of an Internal Committee consisting of authorized executives of the Company
- c) Determine the terms of reference and scope of work for the Internal Committee.
- d) Monitor activities of Internal Committee from time-to-time basis
- e) Authorize executives of the Company to attend the CSR Committee Meetings, if necessary.

4.3 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 one being Independent Director.
- 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 and rules made there under.

5. CSR Budget

The Board of Directors of the Company shall ensure that the Company spends, in every financial year, at least two percent (2%) of the average net profits of the company made during the three immediately preceding financial years in pursuance to the activities mentioned in CSR Policy.

Provided that the Company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities.

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

5.1 CSR Expenditure

The CSR expenditure will include all expenditure, direct and indirect, incurred by the Company on the CSR projects undertaken in accordance with the approved CSR Policy. The administrative overheads, if any, of the project to be undertaken shall not exceed five percent of total CSR expenditure of the Company for the financial year. Determination of whether a particular expense falls 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.

5.2. Unspent CSR Amount

Until a fund is specified in Schedule VII for the purposes of subsection (5) and (6) of section 135 of the Act, the unspent CSR amount, if any, shall be transferred by the company to any fund included in schedule VII of the Act

Further, any amount remaining unspent under sub-section (5) of Section 135 of the Companies Act, pursuant to any ongoing project, fulfilling such conditions as may be prescribed, undertaken by a company in pursuance of its Corporate Social Responsibility Policy, shall be transferred by the company within a period of thirty days from the end of the financial year to a special account to be opened by the company in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account, and such amount shall be spent by the company in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of three financial years from the date of such transfer, failing which, the company shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year.

Further, the reasons for not spending the CSR amount shall be reported by the Board of Directors in their Annual Report pertaining to that particular Financial Year.

5.3. 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 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.

Where a company spends an amount in excess of requirement provided under section 135(5) of the Companies Act, 2013, such excess amount may be set off against the requirement to spend under section 135(5) 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 rule 7 (2) of the Companies (Corporate Social Responsibility Policy) Rules, 2014.
- (ii) The Board of the company shall pass a resolution to that effect.

6. 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.

6.1. Annual CSR/Action 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

6.2. Implementation of CSR Initiatives

- a. The Company will undertake such CSR projects that are under the ambit of activities mentioned in Schedule VII of the Companies Act, 2013 and as amended from time to time. The activities.
- b. Mentioned in Schedule VII of the Companies Act, 2013 are given as Annexure 1. The implementation of the Company's CSR projects will be either directly or through external implementing agency as permitted under rule 4 of the Companies (Corporate Social Responsibility Policy) Rules, 2014. The external agency would be engaged based on the following criteria:
 - (i) The entity should be registered with the Central Government and have a unique CSR Registration Number.
 - (ii) The entity would be engaged after ascertaining the credibility of the agency and its track record in implementing projects.
- c. The Company may collaborate with any 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.

Further, the Company may engage international organisations 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.

- d. The Board of Director shall satisfy itself that the funds so disbursed have been utilised 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.

6.3. Disqualifying Activities for CSR

- a. Activities benefitting employees of the company as defined in section 2(k) of the Code on Wages, 2019; activities undertaken outside India, except for training of Indian sports personnel representing any State or Union Territory at national level or India at International level.
- b. Any amount directly or indirectly contributed towards any political party under Section 182 of the Act.
- c. Activities that are undertaken by the Company in pursuance of its normal course of business.
- d. Sponsorship activities for deriving marketing benefits for products/services.
- e. Activities for fulfilling statutory obligations under any law in force in India.

7. Policy Review and Reporting

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 to the CSR committee.

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.

Further, the annual report on CSR activities will be included as a part of Board's Report. Such annual report on CSR activities will cover the information as prescribed in the CSR Rules and should be in the format provided in the CSR Rules.

Furthermore, the composition of the CSR Committee, CSR Policy and Projects approved by the Board should be updated on the website of the Company for public access.

Annexure 1

Activities mentioned under Schedule VII of the Companies Act, 2013 (amended from time to time)

- 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 centers 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, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows.
- 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 Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the central government for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women.
- ix. (a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government.

x. (b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).

xi. rural development projects

xii. 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.]

xiii. disaster management, including relief, rehabilitation, and reconstruction activities.