

MARGDARSHAK FINANCIAL SERVICES LIMITED

Corporate Social Responsibility Policy

Preface

Margdarshak recognizes the need for integrating social, environmental and ethical responsibilities into the governance of businesses in order to ensure its long term success, competitiveness and sustainability. Accordingly this Corporate Social Responsibility Policy has been formulated to define and implement the company's CSR program and activities for the benefit of the community.

The Company is in the business of lending microfinance to poor and near-poor households to reduce income inequality, promote economic development, employment and growth and allowing women from lower socio-economical classes to participate in the economy.

Scope and Coverage

This policy encompasses the Company's philosophy for giving back to society as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programme for the welfare and sustainable development of the community at large, is titled as the "MFSL CSR Policy". Margdarshak through its CSR initiatives will continue to enhance value and promote social sustainability, sustainable development of the environment and social welfare of the people and society at large, more specifically for the deprived and underprivileged persons.

The Company shall give preference to the local areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility. The Company will thus conduct CSR activities in the state of Uttar Pradesh, Bihar, Haryana, Himachal and Uttarakhand in India and such other States where the company starts its operations.

Policy / CSR Activities:

The Policy has been framed in line with the provisions of Section 135 read with Schedule VII of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014. In terms of Section 135, every Company having: a Net worth of Rs.500 crores or more, or a turnover of Rs.1,000 crores or more, or a Net Profit of Rs.5 crores or more during any of the three preceding Financial years shall constitute a Corporate Social Responsibility (CSR) Committee, in order to undertake activities that would come under the purview of CSR activities. If the Company falls under the above criteria, the Company should ensure that it spends, in every financial year, at least 2% of the average net profits of the Company made during the three immediately preceding financial years.

The list of CSR Activities which may be undertaken by the company is given in **Annexure I**.

Corporate Social Responsibility Committee:

Guiding Principles for Constitution of CSR Committee:

- (i) The CSR Committee will consist of Two Directors, out of which at least one Director shall be Independent Director.
- (ii) The Committee will meet at least twice in a year to discuss and review CSR activities and Policy. A quorum of two members is required to be present for the proceedings to take place. Such other meetings of the Committee can be convened as and when deemed appropriate. The Committee members may attend the meeting physically or via such audio-visual means as permitted under the Act. The Committee shall have the authority to call such Employees, Senior Executives and or externals, as it deems fit. The Company Secretary shall act as Secretary to the Committee.
- (iii) Committee Members: The composition of the Committee shall be as follows:

S.No	Name	Designation
1.	Ms. Maitrayee Banerjee-Chairperson	Independent Director
2.	Mr. Rahul Jessel Mitra-Member	Managing Director & CEO
3.	Ms. Saroj Topno-Member	Whole Time Director and CFO
4.	Ms. Anchit Pandey	Company Secretary

Terms of Reference of CSR Committee:

- (a) To formulate, recommend and review the CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act.
- (b) To recommend to the Board the amount of expenditure to be incurred on CSR activities.
- (c) To institute a transparent monitoring mechanism for implementation of CSR projects or activities.
- (d) To monitor the CSR activities being undertaken by the Company.

Transparent Monitoring Mechanism:

- (a) The CSR Committee shall prepare a transparent monitoring mechanism for ensuring implementation of the projects / programmes / activities proposed to be undertaken by the Company.
- (b) The CSR Committee shall have the authority to obtain professional advice from external sources and have full access to information contained in the records of the Company as well as the powers to call any employee / external Consultant or such other persons and for such purpose as may be deemed expedient for the purpose of accomplishments of overall CSR objectives laid down under the Act

Review and Reporting:

The CSR Committee will review the philanthropic activities of the Company and will provide progress update to the Board of Directors once in every Three months or such other intervals as deemed fit.

The Company will report the details of CSR initiatives and activities of the Company in the Directors' Report as mentioned in **Annexure II** and on the website of the Company, as required under the Regulations. Such reporting will be done, pertaining to financial year commencing from the 1st April 2019.

Annual Expenditure on CSR:

- (i) The Company would spend not less than 2% of the average Net Profits of the Company made during the three immediately preceding financial years. The surplus arising out of the CSR activity will not be part of business profits of the Company. The Corpus would thus include the 2% of average net profits, as aforesaid, any income arising therefrom and surplus arising out of CSR activities.
- (ii) The Company may build CSR capacities of its personnel and / or those of its implementing agencies through Institutions with established track records of at least three financial years but such expenditure shall not exceed 5% of total CSR expenditure of the Company in one financial year.
- (iii) However, if the Company ceases to be covered under sub-section (1) of Section 135 of the Act for three financial years, then it shall not be required to, comply with the provisions laid down under sub-section (2) to (5) of the said section, till such time it meets the criteria specified in sub-section (1) of the Act

Amendments to the Policy:

The Board of Directors on its own or as per the recommendations of CSR Committee can amend this Policy, as and when required and deem fit. Any or all provisions of the CSR Policy would be subject to revision / amendment in accordance with the Act on the subject as may be issued from relevant statutory authorities, from time to time.

Annexure-1 -List of approved projects and programs of CSR activities

1. Eradicating hunger, poverty and malnutrition (promoting health care including the preventive health care) and sanitation and making available the safe drinking water;
2. Promoting education,including special education and employment enhancing vocation skills especially among children, women, elderly and differently abled and livelihood enhancement projects
3. 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 citizen and measures for reducing inequalities faced socially and economically backward groups;
4. Ensuring the environmental sustainability, ecological balance, protection of flora and fauna animal welfare, agroforestry ,conservation of natural resources and maintaining quality of soil, air and water
5. Protection of national heritage,art and culture including restoration of the buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art & handicraft
6. Measures for the benefit of armed forces ,veterans ,war widows and their dependants;
7. Training to promote the rural sports ,nationally recognised sports , paralympic and Olympic sports;
8. Contribution to the prime minister national relief fund or any other fund set up for the Central Government for socio-economic development and relief and welfare of scheduled caste ,the schedule tribes and the backward classes,minorities and women;
9. Contribution or funds provided to technology incubators located within the academic institutions which are approved by the Central Government;
10. Rural Development projects.

Annexure -2 Reporting Formats

Board report format (prescribed by the Act) should include the following information:

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:
2. The Composition of the CSR Committee.
3. Average net profit of the company for last three financial years
4. Prescribed CSR Expenditure (two per cent. of the amount)
5. Details of CSR spent during the financial year.
 - (a) Total amount to be spent for the financial year;
 - (b) Amount unspent, if any;
 - (c) Manner in which the amount spent during the financial year is detailed below:

1	2	3	4	5	6	7	8
S.No	CSR activity or project undertaken	Sector in which project is covered	Projects or programs 1) Local area or other 2) Specify the district where the projects or program was undertaken	Amount outlay (budget) project or program wise	Amount spent on projects or programs Sub Heads A) Direct B)Overheads	Cumulative expenditure upto the reporting period	Amount spent (Direct/ through implementing agency)

*Give details of implementing agency, if any:

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.
7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.