



BELSTAR MICROFINANCE LIMITED

CORPORATE SOCIAL RESPONSIBILITY
(CSR)POLICY

@Approved by The Board of Directors On July 23, 2021

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1. Preamble

Section 135 of the Companies Act, 2013 makes its mandatory to frame a Corporate Social Responsibility (“CSR”) Policy for the COMPANY, and to constitute a Committee of the Board to undertake and monitor the CSR activities of the COMPANY in tune with the CSR policy adopted by the COMPANY, framed in accordance with the Schedule VII of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2018 and (Corporate Social Responsibility Policy) Amendment Rules, 2021.

2. Date of implementation

The policy will become effective from 4th February 2017.

3. Definitions

In this Policy, unless the context otherwise requires:-

- a. **“Act”** means The Companies Act, 2013 and the rules made thereunder, each as amended.
- b. **“Administrative overheads”** means all the general management and administration related work of corporate social responsibility but excludes the expenses undertaken by an external approved agency, for designing, implementing, monitoring and evaluation of a particular corporate social responsibility project or programme.
- c. **“BML”** means Belstar Microfinance Limited
- d. **“Board”** means Board of Directors of the Belstar.
- e. **“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 organisations 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;
- f. **“Committee”** means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act;
- g. **“CSR Policy”** or **“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;
- h. **“Financial Year”** referred to in section 135(1) of the Act implies the immediately preceding financial year.

- i. **“Net profit”** means the net profit of a company as per its financial statement prepared in accordance with the applicable provisions of the Act, i.e Section 198, which is primarily profit before tax (PBT), but shall not include the following, namely:
 - a. Any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and
 - b. Any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act:
- j. **“Ongoing Project”** means a multi-year project undertaken by the 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 - Rule 2(i) of Companies (CSR Policy) Rules, 2014
- k. **“Rules”** means the Companies (Corporate Social Responsibility Policy) Rules, 2014 or any amendment or modifications thereof from time to time by the Ministry of Corporate Affairs (MCA)
- l. Any other term not defined herein will be governed by the terms used in the Act.

4. Objectives

The objective of the Corporate Social Responsibility is to benefit the society by improving the quality of the individual, their families, local community at large. Serving to the needy people is the top priority of BML. The Company is already engaged in empowering women financially and help them build and manage sustainable livelihood by providing micro finance.

But the mission of the company to help under privileged people does not end here. The company through its CSR activities shall participate in the overall development of the society.

The Policy will serve as a guiding document to help identify, execute and monitor CSR projects in keeping with the spirit of the policy and ensure

commitment at all levels in the organization, to operate its business in an economically, socially and environmentally sustainable manner, while recognizing the interest of all its stakeholders.

5. Areas for Focusing CSR Activities

In accordance with requirements under the Companies Act 2013, BML CSR activities, amongst others will focus on:

- ❖ **HUNGER, POVERTY, AND HEALTH:** Eradicating hunger, poverty and malnutrition, promoting preventive 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;
- ❖ **EDUCATION:** Promoting education, including special education and employment enhancing vocational skill especially among children, women, elderly and differently abled and livelihood enhanced projects;
- ❖ **RURAL DEVELOPMENT PROJECTS:** strengthening rural areas by providing / improving accessibility, housing, drinking water, sanitation, power and other essential livelihoods items, thereby creating sustainable village;
- ❖ **GENDER EQUALITY AND EMPOWERMENT OF WOMEN:** Promoting gender equality, empowering women, setting up homes and hostels for women and orphans: setting up old age home, day care centres and such other facilities for senior citizen and measures for reducing inequalities faced by socially and economically backward groups;
- ❖ **ENVIRONMENTAL SUSTAINABILITY:** Ensuring environmental sustainability, ecological balance, protection of flora & fauna, animal welfare, agro forestry, conservation of natural resources & maintaining quality of soil, air & water including contribution to the Clean Ganga Fund set up by the Central Government for rejuvenation of river Ganga;
- ❖ **NATIONAL HERITAGE, ART & CULTURE:** Protection of national heritage, art & culture including restoration of buildings & sites of historical importance & works of art; setting up public libraries; promotion & development of traditional arts & handicrafts;
- ❖ measures for the benefit of armed forces veterans, war widows and their dependents;

- ❖ training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;
- ❖ 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 govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;
- ❖ contribute or funds provided to technology incubators located within academic institutions which are approved by the Central Government.
- ❖ slum area development.
- ❖ disaster management, including relief, rehabilitation, and reconstruction activities.
- ❖ Any other activities specified under Schedule VII of the Companies Act, 2013 and such other rules as amended from time to time.

6. Undertaking CSR Activities

BML will undertake its CSR activities, approved by the CSR committee, either on its own or through HAND IN HAND INDIA a Registered Public Charitable Trustor or such other entity/organization as approved by the CSR Committee. The surplus, if any, arising out of the CSR activities, project or programme shall not form part of the business profits of the Company.

7. CSR Expenditure

- 1) In every financial year, BML shall, with the recommendation of its CSR Committee and approval of its Board of Directors, make a budgetary allocation for CSR and Sustainability activities /projects for the year. The budgetary allocation will be at least two percent of the average net profits of BML made during the three immediately preceding financial years. The Company shall give preference to the local area(s) around where it operates, for spending the amount earmarked for CSR activities. CSR expenditure shall include all expenditure including contribution to corpus, for projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee, but does not

include any expenditure on an item not in conformity or not in line with activities covered under the purview of Schedule VII to the Act.

- 2) The Board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure for the financial year. The same will cover only the administrative overhead incurred by the company for conducting CSR Activities. This clause will not cover the applicable administrative overhead incurred by the implementing agency. Hence the stipulation of capping of 5% for expenditure on administrative overhead is only applicable to Company for conducting CSR activity on its own but not implementing agency, as any expenditure incurred as administrative overheads by the implementing agency is an operational /Project cost of the Company.
- 3) Any surplus arising out of the CSR activities shall not form part of the business profit 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 or transferred to a Fund specified in Schedule VII, within a period of six months from the expiry of the financial year.
- 4) Where an amount spent on CSR activities is in excess of requirement provided under sub-section (5) of section 135, such excess amount may be set off against the requirement to be spent 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 shall pass a resolution to that effect.
- 5) The CSR amount may be spent 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 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."

8. Failure to spend the CSR Money.

In case BML fails to spend the targeted amount in any particular financial year, the Committee shall 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 Directors' Report for that particular Financial Year.

The unspent amount, unless such amount relates to any ongoing project, shall be transferred to a fund specified in Schedule VII of the Act, within a period of six months of the expiry of the financial year.

Any amount remaining unspent, pursuant to any ongoing project, fulfilling such conditions as may be prescribed, undertaken by the BML in pursuance of the Policy, shall be transferred within a period of thirty days from the end of the financial year to a special account to be opened by BML in that behalf for that financial year in any scheduled bank to be called the "Unspent Corporate Social Responsibility Account". Such amount shall be spent by BML in pursuance of its obligation towards the policy, within a period of three financial years from the date of such transfer, failing which, BML shall transfer the same to a Fund specified in Schedule VII of the Act, within a period of thirty days from the date of completion of the third financial year.

9. Composition of CSR Committee and Meeting Frequency

The CSR Committee shall be consisting of three or more directors, out of which at least one director shall be an Independent Director. The details of the composition will be hosted on the Company's website www.belstar.in.

The Committee shall meet at least twice every financial year.

10. ROLE OF CSR COMMITTEE AND THE BOARD

10.1 ROLE OF CSR COMMITTEE

The responsibility of CSR Committee includes:

- Formulating and recommending to the Board of Directors an **Annual Action Plan** and indicating activities to be undertaken:
 - ✓ the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
 - ✓ the manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4;
 - ✓ the modalities of utilization of funds and implementation schedules for the projects or programmes;
 - ✓ 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:
- Provided that Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.
- Recommendation of the amount of expenditure for CSR activities and
 - Monitoring CSR activities from time to time

10.2 ROLE OF BOARD

The Board shall:

- a) after taking into account the recommendations made by the CSR Committee, approve the Corporate Social Responsibility Policy for BML and disclose contents of such Policy in its report and also place it on the Company's website, if any, in such manner as may be prescribed;
- b) ensure that the activities as are included in Corporate Social Responsibility Policy of BML are undertaken by the Company;

11. CSR Reporting

- (1) The Board's Report of the financial year shall include an annual report on CSR, as per Annexure 1 and II of the CSR Amendment Rules 2021 (subject to further amendments as applicable).
- (2) The Board of Directors of BML shall mandatorily disclose the composition of the CSR Committee, CSR Policy and Projects approved by the Board on their website, if any, for public access.
- (3)
 - (a) When the average CSR obligation is Rs 10 crore or more in pursuance of subsection (5) of section 135 of the Act, in the three immediately preceding financial years, BML shall undertake impact assessment, through an independent agency, for CSR projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study.
 - (b) The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.
 - (c) CSR Impact Assessment expenditure will be booked as expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed five percent of the total CSR expenditure for that financial year or Rs 50 lakhs, whichever is less.

12. Monitoring and certification of disbursement of CSR funds

The Board of BML 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 - Rule 4(5) of Companies (CSR Policy) Rules, 2014.

13. Review of the CSR policy

The CSR Committee will ensure that a transparent monitoring mechanism for ensuring effective implementation of the projects / programs/ activities proposed to be undertaken by BML, is put in place. The Committee will determine the modalities of execution of each projects/ programs/ activities, and the implementation schedule and further monitoring process of such projects / programs/ activities.

CSR activities will also be reviewed by the Committee A system will be put in place to maintain a transparent monitoring and reporting mechanism across all the stakeholders involved in the CSR activities of BML.

This policy is subject to at least an annual review by the Committee, incorporating the regulatory changes, if any. This review shall also be to assess the effective implementation of the policy.

******* END OF DOCUMENT*******

