
 <b>Nabsamruddhi Finance Ltd.</b>	<b>DOCUMENT TYPE:</b> Master Policy Document	<b>EFFECTIVE DATE:</b> 31 March 2021
	<b>VERSION:</b> 2.0	
	<b>DOCUMENT NUMBER:</b> POL/CSR/003	Page <b>1</b> of <b>12</b>
	<b>TITLE:</b> Corporate Social Responsibility policy	

# **Corporate Social Responsibility Policy**

**NABSAMRUDDHI Finance Limited**

	<b>DOCUMENT TYPE:</b> Master Policy Document	<b>EFFECTIVE DATE:</b> 31 March 2021
	<b>VERSION:</b> 2.0	
	<b>DOCUMENT NUMBER:</b> POL/CSR/003	Page <b>2</b> of <b>12</b>
	<b>TITLE:</b> Corporate Social Responsibility policy	

## **I. Background**

NABSAMRUDDHI Finance Limited (NABSAMRUDDHI) is a subsidiary of the National Bank for Agriculture and Rural Development (NABARD) and was incorporated on 17<sup>th</sup> February 1997. It is engaged in carrying on the business of providing, directly or indirectly, credit and other facilities to micro, small and medium enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006, as amended from time to time, and to individuals/ enterprises/ organisations engaged in the off farm sector, microfinance, agriculture and activities allied to agriculture, and for the promotion, expansion, commercialisation and modernisation of agriculture and allied activities.

NABSAMRUDDHI Finance Limited, hereinafter referred to as the “Company”, meets the criteria for undertaking the CSR activities corresponding to the provisions specified in the Companies Act, 2013, adopted in financial year 2019-20 onwards and accordingly, this Policy shall come to effect from 01 April 2019 and as and when amended from time to time.

## **II. Objectives**

The CSR policy aims to lay down norms to enable the Company to create a social impact by constantly giving back to the community through development activities of marginalized / under privileged / poor in rural areas.


## **III. Title**

The policy framed hereunder may be called the “NABSAMRUDDHI’s Corporate Social Responsibility Policy”.

It shall come into force with effect from 01 April 2019 and as and when amended from time to time.

## **IV. Definitions**

1. “Act” means the Companies Act, 2013;
2. “Rules” means the Companies (Corporate Social Responsibility) Rules, 2014 read with Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 and any modifications and /or re-enactment thereof, made from time to time;


 <b>Nabsamruddhi Finance Ltd.</b>	<b>DOCUMENT TYPE:</b> Master Policy Document	<b>EFFECTIVE DATE:</b> 31 March 2021
	<b>VERSION:</b> 2.0	
	<b>DOCUMENT NUMBER:</b> POL/CSR/003	Page <b>3</b> of <b>12</b>
	<b>TITLE:</b> Corporate Social Responsibility policy	

3. “CSR Policy” means a statement containing the approach and direction given by the board of 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;
4. “The Company” / “Company” means NABSAMRUDDHI Finance Limited;
5. “Board” means the Board of Directors of NABSAMRUDDHI Finance Limited;
6. “CSR” / “Corporate Social Responsibility” means the projects or programmes relating to activities undertaken by the Board of the Company in pursuance of the recommendations of the CSR Committee of the Board as per declared CSR Policy of the Company and in pursuance of its statutory obligation laid down in Sec 135 of the Act;
7. “CSR Committee” means the Committee of the Board on CSR constituted under the provisions of Section 135 of the Companies Act, 2013, and includes any reconstitution thereof from time to time;
8. “Net Profit” means the net profit of the Company as per its financial statement prepared in accordance with the applicable provisions of the Companies Act, 2013, namely Section 198 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.
9. “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.
10. “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 programme.


## **V. Eligible CSR Activities**

CSR activities taken up by the Company shall include the activity / activities amongst and relating to the list provided under the Companies Act, 2013, or any relevant Act/ provisions as envisaged by the Government of India from time to time.

In accordance with Schedule VII of the Companies Act, 2013, the Company will focus on the following areas in its CSR engagement:

 <b>Nabsamruddhi Finance Ltd.</b>	<b>DOCUMENT TYPE:</b> Master Policy Document	<b>EFFECTIVE DATE:</b> 31 March 2021
	<b>VERSION:</b> 2.0	
	<b>DOCUMENT NUMBER:</b> POL/CSR/003	Page <b>4</b> of <b>12</b>
	<b>TITLE:</b> Corporate Social Responsibility policy	

- (i) Eradicating hunger, poverty and malnutrition, promoting 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;
- (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, 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 govt. 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

	<b>DOCUMENT TYPE:</b> Master Policy Document	<b>EFFECTIVE DATE:</b> 31 March 2021
	<b>VERSION:</b> 2.0	
	<b>DOCUMENT NUMBER:</b> POL/CSR/003	Page <b>5</b> of <b>12</b>
	<b>TITLE:</b> Corporate Social Responsibility policy	

Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and

(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);

(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.

The Focus Area for each financial year will be recommended to the Board by the CSR Committee and may include one or more of the aforementioned activities in any given year, but shall not include the following, namely:-

- a) Activities undertaken in pursuance of normal course of business of the Company;
- b) Any activity is undertaken by the company outside India except for training of Indian sports personnel representing any State at a national level or India at the International level;
- c) Contribution of any amount directly or indirectly to any political party under section 182 of the Act;

 <b>Nabsamruddhi Finance Ltd.</b>	<b>DOCUMENT TYPE:</b> Master Policy Document	<b>EFFECTIVE DATE:</b> 31 March 2021
	<b>VERSION:</b> 2.0	
	<b>DOCUMENT NUMBER:</b> POL/CSR/003	Page <b>6</b> of <b>12</b>
	<b>TITLE:</b> Corporate Social Responsibility policy	

- d) Activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);
- e) The activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;
- f) The activities carried out for the fulfillment of any other statutory obligations under any law in force in India

## **VI. Governance Structure**

### **a. Board of Directors**

The roles and responsibilities of the Board shall be as follows:

- i. Approval and review of the CSR Policy of the Company;
- ii. Constitution of CSR Committee and review of activities of the CSR Committee;
- iii. Oversee the implementation of CSR activities as per the approved CSR Policy;
- iv. Ensure the CSR activities are undertaken by the Company itself or through eligible entities;
- iv. Ensure publication of due disclosures in the annual statements and Composition of CSR committee, CSR Policy and CSR projects on the website of the company.


### **b. CSR Committee**

A CSR Committee shall be constituted to implement the CSR Policy, consisting of the following members:

- i. Nominee Director from NABARD – Chairman
- ii. Independent Director – Member
- iii. Non-Executive Director- Member
- iv. Managing Director – Member

The roles and responsibilities of the CSR Committee shall be as follows :

- i. Formulation and review of the CSR Policy for approval by the Board from time to time;
- ii. Formulate and recommend to the Board an annual action plan indicating the following:

	<b>DOCUMENT TYPE:</b> Master Policy Document	<b>EFFECTIVE DATE:</b> 31 March 2021
	<b>VERSION:</b> 2.0	
	<b>DOCUMENT NUMBER:</b> POL/CSR/003	Page 7 of 12
	<b>TITLE:</b> Corporate Social Responsibility policy	

- the list of CSR projects or programmes approved to be undertaken in areas or subjects as per Schedule VII of the Act;
  - manner of execution of such projects or programmes;
  - modalities of utilisations of funds and implementation schedules for the projects or programmes;
  - monitoring and reporting mechanism;
  - details of need and impact assessment for the projects undertaken by the Company, if any.
- iii. Identification of eligible institutions/ activities and ensuring implementation of the annual CSR action plan;
  - iv. Monitoring the implementation of CSR Activities;
  - v. Recommending the amount of expenditure to be incurred on activities indicated in the CSR Policy;
  - vi. Ensure periodic reporting to the Board on the progress of CSR Activities.


## **VII. Broad Guidelines for Implementation**

- i. The identified CSR activities will be implemented in such a way that they do not directly contribute to the business of NABSAMRUDDHI, in order to uphold the spirit of CSR and to avoid conflict of interest;
- ii. The Company shall give preference to CSR activities implemented in rural/ semi urban areas and areas around which it operates;
- iii. The CSR expenditure will be incurred on activities permitted under Section 135 read with Schedule VII of the Companies Act, 2013;
- iv. The Company shall collaborate with other reputed Companies/ institutions for undertaking CSR activities;
- v. Contributions to corpus of a Trust /Society / Section 8 Company, etc., will qualify as CSR expenditure as long as such entity is created exclusively for undertaking CSR activities or where corpus is created exclusively for a purpose directly relatable to a subject covered in Schedule VII of the Companies Act, 2013;
- vi. It will be ensured that CSR activities are beneficial to the community and benefits are available on long term basis.

## **VIII. Sanctioning Powers**

The Sanctioning Powers for incurring financial expenditure for CSR activities shall be as follows:

<b>Sl.No</b>	<b>Particular</b>	<b>Sanctioning Powers / Delegation</b>
--------------	-------------------	--

	<b>DOCUMENT TYPE:</b> Master Policy Document	<b>EFFECTIVE DATE:</b> 31 March 2021
	<b>VERSION:</b> 2.0	
	<b>DOCUMENT NUMBER:</b> POL/CSR/003	Page <b>8</b> of <b>12</b>
	<b>TITLE:</b> Corporate Social Responsibility policy	

1	Board of Directors	Above INR 20 lakh
2	CSR Committee	Above INR 5 lakh and upto INR 20 lakh
3	Managing Director	All proposals upto INR 5 lakh

### **IX. Eligible Entities**


With effect from 01 April 2021, CSR activities shall be undertaken by the company itself or through –

- a. a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company, or;
- b. a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or
- c. any entity established under an Act of Parliament or a State legislature; or
- d. a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

The criteria for selection of eligible entities for grant of funds by NABSAMRUDDHI for undertaking CSR activities are as follows:

- 1) The entity nor any member of the governing body must not have been convicted under any illegal activity by a competent court;
- 2) The Company/members of the Governing body should not have faced bankruptcy/insolvency in the past;
- 3) Must not have direct political/religious/caste/communal links. However, highly reputed entities engaged in Community Development Programs and in activities which serve the society at large such as health care, education, etc. may be considered on a selective basis;
- 4) Must have suitable systems and procedures in place to submit a monthly/periodical MIS to the Company;
- 5) Entities which have already undergone Social Impact Assessment by any reputed international/national agencies shall be given preference.



 <b>Nabsamruddhi Finance Ltd.</b>	<b>DOCUMENT TYPE:</b> Master Policy Document	<b>EFFECTIVE DATE:</b> 31 March 2021
	<b>VERSION:</b> 2.0	
	<b>DOCUMENT NUMBER:</b> POL/CSR/003	Page <b>9</b> of <b>12</b>
	<b>TITLE:</b> Corporate Social Responsibility policy	

- 6) The entity must have unique CSR Registration Number issued by the Central Government with effect from 01 April 2021.

Eligible partners will be guided by the Standard Operating Procedures/operating guidelines as formulated by the Company from time to time.


Additionally, the following parameters maybe applied while selecting partners:

- i. Grant assistance shall be invariably made directly to institutions without any involvement of agents/middlemen/consultants;
- ii. Grant assistance to institutions which are already having sufficient own funds and/or can raise funds to meet costs of their project may be avoided. In other words, while sanctioning CSR funds, preference shall be given to organisations with critical/relevant projects but which are facing resource crunch;
- iii. Grant assistance shall preferably be made to such entities which are exempted from income-tax, so that Company may in turn claim income tax exemptions.

## **X. Monitoring Mechanism**

The CSR Committee of the Company will be responsible for monitoring of various CSR projects or programmes undertaken by the Company directly or indirectly. The Committee shall ensure that:

- i) The Company undertakes the CSR activities as provided in the CSR Policy;
- ii) The projects / programmes are implemented as per the approved terms and conditions of sanction;
- iii) The budget allocated for various projects are utilised for the projects as per the approved plans;
- iv) The objective of the project / programme is achieved as per the stipulated plans and timelines;
- v) Wherever projects/ programmes are undertaken in partnership with one or more organisation, the portion of the project undertaken by the Company shall be distinguishable and necessary supporting documents in respect of the same shall be obtained from the other partners / implementing agency on an annual basis;
- vi) The Company shall ensure to inspect the assisted assets/activities either directly or through third party monitoring;
- vii) The Company shall ensure that the beneficiary exhibits the Company's name/logo on the premises or assets assisted under the scheme/project assisted by way of NABSAMRUDDHI CSR grants;

	<b>DOCUMENT TYPE:</b> Master Policy Document	<b>EFFECTIVE DATE:</b> 31 March 2021
	<b>VERSION:</b> 2.0	
	<b>DOCUMENT NUMBER:</b> POL/CSR/003	Page <b>10</b> of <b>12</b>
	<b>TITLE:</b> Corporate Social Responsibility policy	

- viii) The Company will obtain progress reports on periodic basis, till the time the project is implemented. Periodic Reports on the progress of various projects shall be placed to the CSR Committee of Board for review;
- ix) A Half-Yearly report on implementation shall be submitted to the Board by the CSR Committee.

## **XI. CSR Expenditure**

The Company shall spend, in every financial year, at least two percent of the average net profits of the company made during the three immediately preceding financial years towards CSR Activities out of which administrative overheads shall not exceed five percent of the total CSR expenditure of the company for the financial year. Where Company spends an amount in excess of requirement provided under sub-section (5) of section 135 , such excess amount may be set off against the requirement to spend 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.
- (ii) the Board of the company shall pass a resolution to that effect.

In case the Company is unable to spend the envisaged amount amount on CSR activities during the relevant financial year, the Board shall specify the reasons thereof in its Annual Report and unless the unspent amount relates to any ongoing project , transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

## **XII. Surplus arising out of CSR Activities**

Any surplus arising out of the CSR activities shall not form part of the business profit of a 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.

## **XIII. Special Unspent CSR Account**

 <b>Nabsamruddhi Finance Ltd.</b>	<b>DOCUMENT TYPE:</b> Master Policy Document	<b>EFFECTIVE DATE:</b> 31 March 2021
	<b>VERSION:</b> 2.0	
	<b>DOCUMENT NUMBER:</b> POL/CSR/003	Page <b>11</b> of <b>12</b>
	<b>TITLE:</b> Corporate Social Responsibility policy	

A special bank account, called an Unspent CSR Account be opened by the company in any scheduled bank for any amount remaining unspent pursuant to any ongoing project, undertaken by a company in pursuance of its CSR Policy. The transfer of unspent CSR Amount may be made within a period of thirty days from the end of the financial year.

The amount transferred to the unspent CSR account shall be spent by the company in pursuance of its obligation towards the CSR Policy within a period of three financial years from the date of such transfer.

In case, the company fails to spend the amount within a period of three financial years, it 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.


#### **XIV CSR Reporting and Disclosure**

The Company shall report the details of CSR programme or projects undertaken under its CSR Policy to the CSR Committee of the Board and thereafter for disseminating the same to the shareholders of the Company together with the Annual Report in the format prescribed in the Companies (CSR) Amendment Rules, 2021. The progress under CSR will be placed annually before the Board of Directors.

The Company shall mandatorily disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on its website for public access.

#### **XVI. General**

- i. The amount sanctioned under individual projects shall be disbursed in suitable tranches linked to identifiable project timelines and based in satisfactory performance;
- ii. Assistance may be provided for revenue as well as capital expenditure, the CSR amount can spent by a company for the creation or acquisition of a capital asset, provided it 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 Rule 4(2).
  - (b) Beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
  - (c) A public authority.

	<b>DOCUMENT TYPE:</b> Master Policy Document	<b>EFFECTIVE DATE:</b> 31 March 2021
	<b>VERSION:</b> 2.0	
	<b>DOCUMENT NUMBER:</b> POL/CSR/003	Page <b>12</b> of <b>12</b>
	<b>TITLE:</b> Corporate Social Responsibility policy	

- iii. In case it is observed that any CSR Activity taken up for implementation is not properly implemented, or the partnering entity has not complied with the terms and conditions, or that there are serious organisational, financial, regulatory or compliance issues facing the organisation, the CSR Committee may, with approval of the Board, discontinue funding the project at any point of time during the course of implementation and use such funds for any other project. The unutilised amount in disbursed tranches, if any, will also be recalled;
- iv. The CSR Committee shall have the power to clarify any doubts or rectify any anomalies that may exist in connection with the effective execution of this CSR Policy.
- v. The Board of a Company shall satisfy itself that the funds disbursed to the entities for CSR have been utilized 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.
- vi. The Company shall appoint an independent agency for undertaking impact assessment under the Companies (Corporate Social Responsibility) Amendment Rules, 2021 for CSR projects having outlays of one crore rupees or more if its average CSR obligation is Rupees ten crore rupees or more in the three immediately preceding financial years.

## **XVII. Amendment**

The CSR Committee shall recommend amendment or modification of the CSR Policy and such changes shall be placed before the Board for its approval. The Board may subject to compliance with applicable laws, at any time approve or alter, amend or modify the CSR Policy, as it deems fit, to comply with the statutory obligation to undertake the CSR Activities.

## **XVIII. Information Dissemination**

The Company, after considering the recommendations of the CSR Committee and the approval of the Board, shall display the CSR activities of the Company on its website. The Company's engagement in CSR activities shall be disseminated on its website, annual reports and if required, through other communication channels, from time to time.