



INDOSTAR

Corporate Social Responsibility Policy
(‘CSR Policy’)

VERSION CONTROL

Version Control No.	Author	Date Created / updated	Date Effective	Version Description
V.1	Pankaj Thapar	5 March 2015	5 March 2015	-
V.2	Pankaj Thapar	22 January 2019	22 January 2019	Expanding scope of areas in which the Company may undertake CSR activities.
V.3	Pankaj Thapar	8 August 2019	8 August 2019	Expanding scope of areas in which the Company may undertake CSR activities to include disaster relief
V.4	Benaifer Palsetia	04 February 2021	04 February 2021	Alignment with amendments in the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules

BACKGROUND:

IndoStar Capital Finance Limited ('ICF' or 'Company') is registered with the Reserve Bank of India (RBI) as a Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC-ND-SI). ICF offers structured term financing solutions for corporates, loans to small and medium enterprise borrowers and vehicle finance in India.

ICF aims at conducting its business in a way that the Company achieves its business goals and objectives with a due consideration of community's economic, environmental and social aspirations and therefore commits to integrate Corporate Social Responsibility ('CSR') with its business processes.

TITLE AND APPLICABILITY:

ICF has developed this policy titled 'Corporate Social Responsibility Policy' ('CSR Policy') encompassing the Company's philosophy for being a responsible corporate citizen and lays down guiding principles for selection, implementation and monitoring of activities which are in accordance with Section 135 of the Companies Act, 2013 (the 'Act') read along with the rules and schedules framed therein for the Company at large and provides for formulation of an annual action plan for CSR activities.

CSR VISION STATEMENT:

The Company, through its CSR projects, will enhance value creation in the society and in the community in which it operates, through its services, conduct and initiatives, so as to promote sustained growth for the society and community, in fulfillment of its role as a Socially Responsible Corporate Citizen. The ultimate aim of the CSR projects will be to benefit the communities at large and over a period of time enhance the quality of life and economic well-being of the local populace.

DEFINITIONS:

In this CSR Policy, unless the context otherwise requires,

- a. **"Act"** means the Companies Act, 2013 and rules made thereunder (as amended);
- b. **"Board"** means the Board of Directors of the Company and will include any Committee of the Board;
- c. **"Corporate Social Responsibility (CSR)"** includes activities undertaken by the Company in pursuance of its statutory obligation laid down in the Act.
- d. **"CSR Committee"** shall mean the committee of the Board constituted pursuant to Section 135 of the Act.

Words and expressions used and not defined in this CSR Policy shall have the same meanings respectively assigned to them in the Act.

CSR PROGRAMMES/ PROJECTS:

CSR activities of the Company should broadly confirm to the following:

- (i) there is a genuine business purpose / regulatory requirement for making the charitable donation;
- (ii) the donation is not made for the purpose of influencing a recipient to misuse their position;
- (iii) employees should not solicit charitable donations from external parties with which the Company has (or is seeking) business dealings or regulatory approvals; and
- (iv) the making of any donation cannot be expected to result in negative reputational implications for the Company, or be controversial in any way.

The Company will consistently explore and undertake CSR Programs/ Projects relating to the activities in any of the fields enumerated below with a preference to carry on such activities within the local area(s) around it, wherever it operates:

a. Education

promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects

b. Women Empowerment

promoting gender equality, empowering women and enhancing women employment

c. Humanitarian Relief

contribution to the prime minister's national relief fund or any other fund set up by the central / state govt. including for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women; contribution for disaster management including relief, rehabilitation and reconstruction activities

d. Healthcare, Sanitation and Water

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

e. Environment

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

WHAT IS NOT A CSR ACTIVITY:

Following activities will not be considered as CSR activities:

- activities that benefit only the employees of the Company and their families;
- one-off events such as marathons/ awards/ charitable contribution/ advertisement/sponsorships of
- expenses incurred for the fulfillment of any other statutory obligations under any law in force in India;

- activities supported by the Company on sponsorship basis for deriving marketing benefits for its products or services;
- contribution of any amount directly or indirectly to any political party under the provisions of the Act;
- activities undertaken in pursuance of normal course of business of the Company;
- activities 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.

CSR BUDGET:

ICF shall endeavor that funds to the tune of at least 2% of the average net profits of the Company during the immediately preceding three financial years, calculated in accordance with the provisions of the Act, is allocated towards the CSR programmes/ projects as mentioned above. The CSR Committee will recommend the allocation of funds for each programme or project or activities for approval by the Board.

The Company may collaborate or pool resources with other organization or companies to undertake CSR activities in compliance with provisions of the Act.

IMPLEMENTATION PROCESS:

- CSR programmes/ projects to be undertaken by the Company will be identified by the CSR Committee in line with the Annual Action Plan adopted;
- The CSR Committee shall recommend the CSR programmes/ projects, specifying modalities of its execution and the amount of expenditure to be incurred on the programmes/ projects;
- Upon recommendations of the CSR Committee, the Board shall specifically approve such CSR projects/programs and the amount of expenditure;
- The time period/ duration over which a particular programme will be spread, will depend on its nature, extent of coverage and the intended impact of the program;
- The mode of implementation of CSR programmes/ projects may include a combination of direct implementation or implementation through government, own foundation, charity partners, registered societies, civil societies, social partners etc., subject to compliance with the provisions of the Act. The Company will select its partners after appropriate due diligence;
- The Company may engage the services of external expert agencies, consultancy firms etc. for carrying out any survey, assessment or report with regards to any CSR programmes/ projects to be undertaken by the Company;
- Any surplus 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 an 'Unspent CSR Account' and spent in pursuance of the CSR Policy and Annual Action Plan of the Company or transfer such surplus amount to a Fund specified in Schedule VII of the Act or any fund as may be prescribed in the Act, within a period of six months of the expiry of the financial year;
- The CSR Committee is authorized to settle all queries, differences or doubts that may arise in relation to the implementation of the CSR programmes/ projects as may be approved by the Board.

ROLES & RESPONSIBILITY OF THE BOARD:

The Board of Directors will be responsible for:

- Constitution of CSR Committee;

- Approving the CSR Policy as formulated & recommended by the CSR Committee; ensure that activities included in CSR Policy are in line with activities, areas or subjects specified in Schedule VII of the Act or activities as prescribed from time to time;
- Upon recommendation of CSR Committee consider and approve CSR programmes/ projects to be undertaken by the Company and amount of expenditure to be incurred on each of the CSR programmes/ projects; ensure that only those activities as are included in the CSR Policy are undertaken by the Company;
- Ensuring that the Company gives preference to the local areas around its operations for spending the amount earmarked for CSR programmes/ projects;
- Disclosing in its Annual Report (in the manner as prescribed in the Act) and on the website, the composition of the CSR Committee, content of the CSR Policy and CSR programmes / projects;
- Ensuring that it specifies the reasons in its report for not spending the allocated CSR amount in case the Company fails to spend such amount;
- Satisfying itself that funds disbursed for CSR project / activities have been utilised for the purposes and in the manner as approved by it, and the Chief Financial Officer shall certify the same;
- Monitoring the implementation of the project with reference to the approved timelines and year-wise allocation in case of an ongoing project.
- Ensuring that in case of any unspent amount, unless the unspent amount relates to any ongoing project referred to in sub-section (6) of Section 135 of the Act, transfer such unspent amount to a Fund specified in Schedule VII of the Act or such other fund as may be prescribed, within a period of six months of the expiry of the relevant financial year;
- Ensuring that any amount remaining unspent pursuant to any ongoing project, fulfilling such conditions as may be prescribed, undertaken by the Company pursuant to the CSR Policy, shall be transferred by the Company within a period of thirty days from the end of the relevant 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 CSR 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 of the Act or such other fund as maybe prescribed, within a period of thirty days from the date of completion of the third financial year;
- Ensuring that the composition of the CSR Committee, the CSR Policy and Projects approved by the Board are displayed on website of the Company;
- Ensuring that administrative overheads exceeding five percent of total CSR expenditure of the Company for a financial year, shall not be considered as CSR expenditure;
- undertaking impact assessment, through an independent agency, of CSR projects having outlays of one crore rupees or more, if any, and which have been completed not less than one year before undertaking the impact study, in the event Company's average CSR obligation is of ten crore rupees or more in pursuance of provisions of the Act, in the three immediately preceding financial years. Such impact assessment reports shall be placed before the Board of Directors and also annexed to Annual Report of the Company;
- In the event the Company spends amount in excess of the requirement prescribed under the provisions of the Act, such excess amount may be set-off against the requirement to spend under the Act, up to immediate succeeding three financial years, subject to conditions prescribed in the Act;
- Reviewing and monitoring progress on CSR initiatives / implementation by the CSR Committee and the Board at least annually.

The CSR Committee will be responsible to:

- Formulate and recommend the CSR Policy to the Board for approval; Identify specific CSR programmes/ projects areas to be undertaken by the Company;
- Recommend to the Board for its consideration and approval CSR programmes/ projects identified and to be undertaken which are in lines with activities, areas or subject specified in Schedule VII and this CSR Policy and amount of expenditure to be incurred for each programmes/ projects;
- Identify CSR Team for implementation of CSR programmes and projects;
- Monitor the CSR Policy, CSR programmes/ projects from time to time and recommend changes to the Board;
- Constitute a transparent monitoring mechanism for ensuring implementation of the CSR programmes/ projects undertaken by the Company;
- Update the Board on the status of CSR programmes/ projects undertaken by the Company during the financial year and amount of expenditure incurred.
- Formulate and recommend to the Board, an annual action plan in pursuance of the CSR policy which shall include the following:
 - (a) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act and the CSR Policy of the Company;
 - (b) the manner of execution of such projects or programmes;
 - (c) the modalities of utilisation of funds and implementation schedules for the projects or programmes;
 - (d) monitoring and reporting mechanism for the projects or programmes; and
 - (e) details of need and impact assessment, if any, for the projects undertaken by the Company.Provided that the Annual Action Plan may be altered any time during the financial year, by the Board of Directors upon recommendation of the CSR Committee based on reasonable justification to that effect.

REVIEW OF CSR POLICY:

The Board shall review the CSR Policy atleast once a year.