

FINOVA CAPITAL PRIVATE LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY

1. Introduction

Finova Capital Private Limited (hereinafter referred to as “the Company”) is committed towards harmonious and sustainable development of the communities. The Company believes in inclusive and equitable growth and improvement in quality of life and aspire to enhance the living standards of the communities around us and promote the Company’s brand image in a mutually beneficial manner.

In alignment with vision of the Company, through its Corporate Social responsibility (“CSR”) initiatives, the Company will continue to enhance value creation in the society and in the community in which it operates. The Company shall promote growth for the society and community to fulfil its role as a socially responsible corporate with an environmental concern.

The Companies Act, 2013 (“the Act”) has introduced provisions on CSR, which rests on the ideology of give and take. The term CSR has been defined under the CSR Rules which includes but is not limited to:

- Projects or programs relating to activities specified in the Schedule VII to the Act, or
- Projects or programs relating to activities undertaken by the Board of Directors (“the Board”) of a company in pursuance of recommendations of the CSR Committee as per the declared Corporate Social Responsibility Policy (“CSR Policy”) subject to the condition that such policy covers subjects enumerated in the Schedule VII of the Act.

The CSR Policy of the Company sets out the broad framework guiding the Company’s CSR activities. The Policy also sets out the principles and the rules that need to be adhered to while taking up and implementing CSR activities to be undertaken in areas or subject, specified in Schedule VII of the Act (excluding the activities pursued in the normal course of business) and the expenditure thereon

2. Objectives

Given the increasing importance of a CSR Framework, the objectives for the policy are:

- (a) To provide a robust framework for carrying out the CSR initiatives in alignment with the Act and the rules made thereunder, as applicable from time to time.
- (b) To improve the community well-being through discretionary business practices and contribution of corporate resources.
- (c) To promote greater social and environmental responsibility.
- (d) To pursue a corporate strategy that enables realization of the goals of shareholder value enhancement and societal value creation in a mutually reinforcing and synergizing manner.

- (e) To ensure that the surplus arising of CSR projects/ programs/ activities shall not form part of the business profit of the Company
- (f) To display the contents of the CSR policy and the implementation of the CSR activities on the website and the annual report of the company
- (g) To generate through its CSR initiatives, goodwill for the Company and help reinforce a positive and socially responsible image of the Company as a corporate entity.

3. Areas of Focus

The Company shall focus its CSR activities on the following areas, as specified in Schedule VII of the Act:

- (a) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to Swach Bharat Kosh set-up by Central Government for the promotion of Sanitation and making available safe drinking water;
- (b) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- (c) 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;
- (d) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;
- (e) 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 arts and handicrafts;
- (f) Measures for the benefit of armed forces veterans, war widows and their dependents;
- (g) Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
- (h) Contribution to the Prime Ministers' National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- (i) Contributions or funds provided to technology incubators located within academic institution which are approved by the Central Government;
- (j) Rural development projects;
- (k) *Slum Area Development.

*[For the purpose 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.]

These broad categories have been chosen keeping in mind the following requirements:

- (a) Preference shall be given to the local area and areas around it where it operates”, for spending the amount designated for CSR activities.
- (b) Amount spent for the benefit only the employees of the company and their families” shall be considered outside the scope of CSR activities.
- (c) Contribution of any amount directly or indirectly to any political party under Section 182 of the Act shall not amount to as CSR activity.
- (d) Amount spent on CSR activities within the boundaries of India shall only be considered.
- (e) Expenditure made on any other activities pursued in the normal course of business shall not be considered within the scope of CSR activities.

4. Implementation of CSR activities

The Company will undertake its CSR activities through itself, or through a registered trust or a registered society, either singly or along with any other company or holding or subsidiary or associate of such other company.

5. Composition of the CSR Committee

Since the Company is not required to appoint an independent director, the CSR Committee shall consist of a minimum of two directors, as per the provisions of Section 135 of the Act. The composition, including the Chairman of the CSR Committee will be decided by the Board from time to time.

6. Governance

The Board of the Company shall oversee the plan for CSR activities and the status of the achievement of the CSR plan. The Board has constituted a CSR Committee which is duly constituted in accordance with the provisions of the Act and reviews the composition and terms of reference of the CSR Committee on an annual basis. This shall help in developing an effective CSR framework that can assist the Board to ensure that CSR issues and opportunities are well-managed and maximized.

The CSR Committee is the governing body that shall define the scope of CSR activities for the Company and review the CSR policy on an annual basis. The Committee will be responsible for implementation of the CSR Policy.

The Company Secretary will report to the CSR Committee on the status of achievement of the CSR plan. The prime responsibility of the Company Secretary will be to review the progress of the CSR activities and monitor if the progress is in line with the CSR plan as approved by the Board. If there are any shortfalls or challenges in implementation, the Company Secretary will report the same to the CSR Committee who will suggest appropriate action to be taken.

7. Funding and Monitoring Process

With the approval of the Board, the company will allocate an annual budget towards the pursuance of its CSR projects. This budget must amount to a minimum of 2% of the average net profits made by the Company during the preceding three financial years.

The aforesaid “net profits” shall not include such sums as may be prescribed, and will be calculated in accordance with the provisions of Section 198 of the Act.

In case entire budget is not spent in a financial year, reasons for the same will be specified in the annual report of CSR which shall be made part of Board’s Report. The aggregate expenditure on CSR activities will also be disclosed by way of notes to accounts in the financial statements of the Company.

All the certificates, agreements, invoices with actual spend will be carefully documented and the records shall be available as and when required for scrutiny by auditors or regulators or other stakeholder.

8. Responsibilities of Committee

The Committee will be responsible for formulating and recommending the policy on CSR to the Board, and the amount of expenditure to be incurred on the CSR activities.

Furthermore, the CSR Committee will be responsible for monitoring CSR policy, CSR initiatives, and progress on approved projects and shortfalls in achieving the CSR plan, if any. Furthermore, the CSR Committee will be responsible to report to the Board on the status of achievement of the CSR initiatives and its activities on annual basis. The Committee will also report significant CSR activities and achievements in the Board’s Report in the Company’s Annual Report.

9. Additional Information

- (a) The Company shall act in a socially responsible manner at all times. Even in the normal business activities, the company is required to conduct business in a manner that is beneficial to both business and society.
- (b) The contents of CSR policy shall be clearly displayed on the company's website www.finova.in.

10. Record Keeping

All documentation pertaining to the CSR activity will be maintained for a period of 8 years or such other period as specified by any other law in force.

11. Effective Date

This policy will come into effect from October 22, 2018.

12. Contact

In case of any questions on our CSR Policy/Initiatives, please contact the Company-Secretary at: cs@finova.in

13. Policy Review and Updates

The Board approved policy shall be reviewed as and when required for incorporating regulatory updates and changes, if any.

14. Regulatory References

- The Companies Act, 2013.
- The Companies (Corporate Social Responsibility) Rules, 2014