



VEDIKA CREDIT CAPITAL LTD
PARTNER IN THE GROWTH OF MICRO ENTREPRENEURS

2022

CORPORATE & SOCIAL RESPONSIBILITY POLICY

1. **Font Name & Size:** Source Sans Pro, 11
2. **Version:** 2.0
3. **Prepared and/or revised by:** Compliance Department
4. **Reviewed by:** Board of Directors
5. **Review Date:** 18.04.2022
6. **Approved by:** Board of Directors
7. **Approval Date:** 18.04.2022

This document contains confidential information and remains the property of Vedika Credit Capital Ltd (hereinafter referred to as Company or Vedika). It is not to be used for any other purposes, copied, distributed or transmitted in any form or means or carried outside the Company premises without the prior written consent of the Company



Contents

INTRODUCTION	2
APPLICABILITY	2
WHAT TO DO WHEN CSR IS APPLICABLE	2
WHAT IF A COMPANY CEASES TO BE COVERED UNDER SECTION 135?	3
ROLE OF CSR COMMITTEE	3
ROLE OF THE BOARD.....	3
CSR REPORTING	4
OBJECTIVE OF THIS POLICY	5
CSR ACTIVITIES.....	5
SCOPE	6
THE GEOGRAPHIC REACH.....	10
ANNUAL SPENDS/ ALLOCATION OF FUNDS ANNUAL SPENDS/ALLOCATION OF FUNDS.....	10
CSR COMMITTEE	11
SCOPE AND FUNCTIONS OF CSR COMMITTEE	11
ADMINISTRATION OF CSR PROJECTS	12
CAPACITY BUILDING	12
IMPLEMENTATION	12
FUNDING	13
BUDGET.....	13
IMPACT ASSESSMENT	13
PERIODICAL REVIEW OF THE POLICY	14
AMENDMENT OF THE POLICY	14

INTRODUCTION

The emerging concept of Corporate Social Responsibility (CSR) goes beyond charity and requires the company to act beyond its legal obligations and to integrated social, environmental and ethical concerns into company's business process. Corporate Social Responsibility is not a new concept in India, however, the Ministry of Corporate Affairs, Government of India has recently notified the Section 135 of the Companies Act, 2013 along with Companies (Corporate Social Responsibility Policy) Rules, 2014 "hereinafter CSR Rules" and other notifications related thereto which makes it mandatory (with effect from 1st April, 2014) for certain companies who fulfill the criteria as mentioned under Sub Section 1 of Section 135 to comply with the provisions relevant to Corporate Social Responsibility.

The term "Corporate Social Responsibility (CSR)" can be referred as corporate initiative to assess and take responsibility for the company's effects on the environment and impact on social welfare. The term generally applies to companies' efforts that go beyond what may be required by regulators or environmental protection groups.

Corporate social responsibility may also be referred to as "corporate citizenship" and can involve incurring short-term costs that do not provide an immediate financial benefit to the company, but instead promote positive social and environmental change.

Moreover, while proposing the Corporate Social Responsibility Rules under Section 135 of the Companies Act, 2013, the Chairman of the CSR Committee mentioned the Guiding Principle as follows: "CSR is the process by which an organization thinks about and evolves its relationships with stakeholders for the common good, and demonstrates its commitment in this regard by adoption of appropriate business processes and strategies. Thus, CSR is not charity or mere donations. CSR is a way of conducting business, by which corporate entities visibly contribute to the social good. Socially responsible companies do not limit themselves to using resources to engage in activities that increase only their profits. They use CSR to integrate economic, environmental and social objectives with the company's operations and growth."

APPLICABILITY

As per Section 135 of the Companies Act, 2013 "Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director."

In the Line of the same Vedika Credit Capital Ltd comes under the purview of Mandatory CSR on the basis of net profit of more than 5 Crore.

WHAT TO DO WHEN CSR IS APPLICABLE

As provided under Section 135(1) itself, the companies shall be required to Constitute Corporate Social Responsibility Committee of the Board "hereinafter CSR Committee". The CSR Committee shall be comprised of 3 or more directors, out of which at least one director shall be an independent director.

Provided that where a company is not required to appoint an independent director under sub-section (4) of section 149, it shall have in its Corporate Social Responsibility Committee two or more directors.

Whereby Board Approved constitution of CSR committee with a chairmanship of independent director with other two directors.

Whereby quorum will be of two directors to meet at least once in a quarter

WHAT IF A COMPANY CEASES TO BE COVERED UNDER SECTION 135?

Rule 3(2) of the Corporate Social Responsibility Rules, 2014 provides that every company which ceases to be a company covered under section 135(1) of the Act for three consecutive financial years shall not be required to:

- constitute a CSR Committee; and
- comply with the provisions contained in subsection (2) to (5) of the said section till such time it meets the criteria specified in sub section (1) of Section 135.

Accordingly, if a company, for 3 consecutive years, ceases to be covered under the ambit of section 135(1), it shall not be required to fulfill the conditions relating to the constitution of CSR Committee and other related provisions.

Also, 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.

ROLE OF CSR COMMITTEE

The Corporate Social Responsibility Committee shall:

- formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII;
- recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- monitor the Corporate Social Responsibility Policy of the company from time to time.

ROLE OF THE BOARD

The Board of every company referred to in sub-section (1) shall:

- after taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy for the company 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; and

- ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the company.

The Board of every company referred to in sub-section (1) of the section 135 of companies' act, 2013, shall ensure that the company spends, in every financial year, at least two per cent. of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy:

Provided that the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities:

Provided further that if the company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134, specify the reasons for not spending the amount.

Explanation: - For the purposes of this section —average net profit shall be calculated in accordance with the provisions of section 198

CSR REPORTING

As per Subsection 2 of section 135 of the companies act and rule 8 of the CSR Rules provides that the companies, upon which the CSR Rules are applicable on or after 1st April, 2014 shall be required to incorporate in its Board's report an annual report on CSR containing the following particulars:

- 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;
- The composition of the CSR Committee;
- Average net profit of the company for last three financial years;
- Prescribed CSR Expenditure (2% of the amount of the net profit for the last 3 financial years);
- Details of CSR Spent during the financial year;
- In case the company has failed to spend the 2% of the average net profit of the last three financial year, reasons thereof;

Further Rule 8 of the CSR Rules provides that the companies, upon which the CSR Rules are applicable on or after 1st April, 2014- The Board of Directors of the company shall, after taking into account the recommendations of CSR Committee, approve the CSR Policy for the company and disclose contents of such policy in its report and the same shall be displayed on the company's website, if any, as per the particular specified above along with composition of the board.

OBJECTIVE OF THIS POLICY

This Policy shall be read in line with Section 135 of the Companies Act 2013, Companies (Corporate Social Responsibility Policy) Rules, 2014 and such other rules, regulations, circulars, and notifications (collectively referred hereinafter as Regulations ‘) and schedules relating to it as may be applicable and as amended from time to time and will, inter-alia, provide for the following:

- Establishing a guideline for compliance with the provisions of Regulations to dedicate a percentage of Company’s profits for social projects.
- Ensuring the implementation of CSR initiatives in letter and spirit through appropriate procedures and reporting
- Creating opportunities for employees to participate in socially responsible initiatives.

CSR ACTIVITIES

While activities undertaken in pursuance of the CSR policy must be related to Schedule VII of the Companies Act 2013. However, the entries in the said Schedule VII must be interpreted liberally so as to capture the essence of the subjects enumerated in the said Schedule. The items enlisted in the Schedule VII of the Act, are broad-based and are intended to cover a wide range of activities. But does not include the CSR projects or programs or activities

- that benefit only the employees of the company and their families shall not be considered as CSR activities in accordance with section 135 of the Act.
- One-off events such as marathons/ awards/ charitable contribution/ advertisement/sponsorships of TV programmes etc.
- Expenses incurred by companies for the fulfilment of any Act/ Statute of regulations (such as Labor Laws, Land Acquisition Act etc.)
- Contribution of any amount directly or indirectly to any political party
- Activities undertaken by the company in pursuance of its normal course of business.

Schedule VII broadly includes

- 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.
- promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centre and such other facilities for senior



citizens and measures for reducing inequalities faced by socially and economically backward groups.

- 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 the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.
- 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;
- measures for the benefit of armed forces veterans, war widows and their dependents;
- training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports
- contribution to the prime minister's national relief fund or any other fund set up by the central Government for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;
- contributions or funds provided to technology incubators located within academic institutions which are approved by the central government.
- rural development projects
- 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.]

Vedika Credit Capital Ltd.'s Board not restricted to a specific area of CSR. So, Committee are free to selected any area. But board suggested to work upon skill development, health, Environment etc.

SCOPE

Education.

- Support to Technical /Vocational Institutions for their self -development.
- Academic education by way of financial assistance to Primary, Middle and Higher Secondary Schools.
- Adult literacy amongst those belonging to BPL.
- Awareness Programmes on girl education.
- Counselling of parents



- Special attention on education, training and rehabilitation of mentally & physically challenged children/persons.
- Spreading legal awareness amongst people and disadvantageous sections of the society about their rights & remedies available.
- Promotion of Professional Education by setting up educational Institutions offering courses in Engg, Nursing, Management,
- Medicine and in technical subjects etc.
- Provide fees for a period of one year or more to the poor and meritorious, preferably girl students of the school in the operational area of the Company to enable them to get uninterrupted education.

Water Supply including Drinking Water:

- Installation/Repair of Hand Pumps/Tube Wells.
- Digging/Renovation of Wells.
- Gainful utilization of waste water from Under -ground Mines for Cultivation or any other purpose.
- Development/construction of Water Tank/Ponds.
- Rain water-harvesting scheme.
- Formation of a Task Force of Volunteers to educate people regarding
- Proper use of drinking water.
- Empowerment to the villagers for maintenance of the above facilities for availability of water.
- Health Care organizing, health awareness Camps on
- AIDS TB and Leprosy
- Social evils like alcohol, smoking, drug abuse etc.
- Child and Mother care
- Diet and Nutrition.
- Blood donation camps.
- Diabetics detection & Hypertension Camps

- Family Welfare.
- Senior Citizen Health Care Wellness Clinics.
- Fully equipped Mobile Medical Vans.
- Tele medicine
- To supplement the different programme of Local/State Authorities.
- Along with De addiction centers

Environment

- Organizing sensitizing programmes on Environment Management and
- Pollution Control.
- Green belt Development
- A forestation, Social Forestry, Check Dams, Park.
- Restoration of mined out lands.
- Development of jobs related to agro product i.e., Dairy/Poultry/farming and others.
- Plantation of saplings producing fruit.
- Animal care.

Social Empowerment.

- Self /Gainful Employment Opportunities – Training of Rural Youth for Self-Employment (TRYSEM) on Welding, Fabrication, and other electronic appliances
- To provide assistance to villagers having small patch of land to develop mushroom farming, medicinal plants, farming & other cash crops to make them economically dependent on their available land resources.
- Training may be provided by agricultural experts for above farming.
- Organizing training programmes for women on tailoring Embroidery designs,
- Home Foods/Fast Foods, Pickles, Painting and Interior Decoration and other
- Vocational Courses.
- Care for senior citizens.
- Adoption/construction of Hostels (especially those for SC/ST & girls)

- Village Electricity/Solar Light
- To develop infrastructural facilities for providing electricity through Solar Lights or alternative renewal energy to the nearby villages. Recurring expenditure should be borne by the beneficiaries.
- Pawan Chakki as alternative for providing electricity in villages, etc.

Sports and Culture

- Promotion of Sports and Cultural Activities for participation in State and National level.
- Promotion/Development of sports activities in nearby villages by conducting Tournaments like Football, Kabaddi and Khokho, Cricket etc.
- Providing sports materials for Football, Volleyball, Hockey sticks etc. to the young and talented villagers.
- Promotion of State level teams.
- Sponsorship of State Sports events
- Sponsorship of Cultural event to restore Indian Cultural Traditions and Values.
- Possibility of providing facilities for physically handicapped persons may be explored.
- Medias for preparing of documentary films.
- Guide-lines to be followed to promote sports activities by way of granting financial assistance/donation/sponsorship etc.
- Registered Clubs/Institutions which promote Sports activities may be granted financial assistance/donations/sponsorship based on the following norms: -
 - Sports talent development programme by Clubs/Institutions may be encouraged provided the proposal is routed through the respective Government Authorities/Block Development Office/Sub-Divisional Office/District Office/State Associations/ local people representatives i.e., Panchayat, Pradhan/Mukhiya/MLA/MP/ Minister etc., to ascertain Bonafede objective, status of activities and contribution to the society.
 - Helping State Government in promotion of sports by providing them proper training facilities, grounds, construction of fields, etc.
 - While sanctioning financial assistance/donation/sponsorship for State/ National/International events, Company could send its representatives to ensure proper utilization of fund for the specific purpose, as well as, to ensure publicity/coverage for corporate image building.



- As per the Government policy for payment of financial assistance/donation/ sponsorship Registered Clubs/Institution will furnish details as required by Company. i.e., their Registration, PAN No. etc. to establish their authenticity.
- Generate self-employment.

Infrastructure Support – construction, repair, extension etc. of: -

- Auditorium,
- Educational Institutions
- Rural Dispensaries initiated by reputed NGOs.
- Mobile Crèches.
- Bridges, Culverts & Roads,
- Check Dam
- Shopping Complex to facilitate business/self-employment for local people
- Community Centre,
- Sulabh Souchalaya,
- Yatri Shed in Bus Stand,
- Burning Ghat/Crematorium
- Development of Park
- Playground/Sports complex/Good Coaches.
- Old Age Home.

THE GEOGRAPHIC REACH

The Act provides that the Company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility. The Company will thus give preference to conducting CSR activities in the state of Jharkhand herein the Company has/will have its operations. However, the Committee may identify such areas other than stated above, as it may deem fit, and recommend it to the Board for undertaking CSR activities.

ANNUAL SPENDS/ ALLOCATION OF FUNDS ANNUAL SPENDS/ALLOCATION OF FUNDS

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.

Treatment Of Surplus CSR Funds

If any surplus arises out of the CSR activities, it must be:

- Spent on the same project which gave rise to the surplus, or
- Transferred to the Unspent CSR Account of the company, or
- Transferred to a fund as specified in Schedule VII of the act.

Any unspent CSR funds remaining at the end of a financial year should be transferred in any of the following ways:

- **Transfer to an Unspent CSR Account:** Any unspent amount from an ongoing project should be transferred within 30 days of the end of the financial year, to the specifically designated 'Unspent Corporate Social Responsibility Account' to be opened by the company. These amounts should be spent within the next three financial years, in accordance with the company's CSR policy. If these amounts remain unspent even after the three-year period, then they should be transferred, within 30 days of the end of the third financial year, to any fund specified in Schedule VII of the act (such as the PM National Relief Fund, PM CARES Fund, Disaster Management Fund, Clean Ganga Fund, and so on).
- **Transfer to a Schedule VII fund:** If the funds are unallocated to any CSR project, then such unspent amount shall be transferred, within six months of the end of the financial year, to any fund specified in Schedule VII of the act.

Excess CSR Spends

If a company has spent amounts more than the mandatory two percent on CSR, the company can set off such excess amounts against the CSR spends in the next three financial years. The board of directors however, needs to pass a resolution for this. It's important to note that such excess amounts cannot include the surplus arising out of CSR activities. For instance, if any interest is earned out of the assets acquired through the CSR funds, such interest would be treated as a surplus, but cannot be set off from the CSR budget of the following year.

CSR COMMITTEE

The CSR Committee will consist of three Directors, who shall meet at least twice in a year to discuss and review the CSR activities and policy. The quorum shall be two members are required to be present for the proceeding to take place.

SCOPE AND FUNCTIONS OF CSR COMMITTEE

The CSR committee will recommend a formal CSR Policy, this document and will recommend particular CSR activities, set forth a budget, describe how the company will implement the project, and establish a transparent means to monitor progress.



ADMINISTRATION OF CSR PROJECTS

The Corporation can meet its CSR obligations by activities on its own or through a third party, such as a society, trust, foundation or Section 8 company (i.e., a company with charitable purposes) that has an established record of at least five years in CSR- like activities. Companies may also collaborate and pool their resources, which could be especially useful for small and medium-sized enterprises. Managing Director will have the power to sanction any project for CSR.

CAPACITY BUILDING

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 five percent of total CSR expenditure of the Company in one financial year.

IMPLEMENTATION

The investment in CSR should be a single activity or project based and for every project time framed periodic mile stones should be finalized at the outset.

Project activities identified under CSR are to be implemented by Specialized Agencies and other person authorized by the board

Specialized Agencies or authorized person could be made to work singly or in tandem with other agencies.

Such specialized agencies would include:

- Community based organization whether formal or informal.
- Elected local bodies such as Panchayats
- Voluntary Agencies (NGOs)
- Institutes/Academic Organizations
- Trusts, Mission etc.
- Self-help groups
- Government, Semi Government and autonomous Organizations.
- Standing Conference of Public Enterprises (SCOPE)
- Mahila Mondals/ Samitis and the like Contracted agencies for civil works Professional Consultancy Organization etc.

FUNDING

As per the regulations the company will set aside, for annual CSR activities, an amount equal to 2% of the average net profits of the Company made during the three immediately preceding financial years. Any unutilized CSR allocation fund of a particular year, will be carried forward to the next financial year i.e., the CSR budget will be non-lapsable in nature.

The tax treatment of CSR spent will be in accordance with the Income Tax Act, 1961 as may be notified by the central board of Direct taxes.

BUDGET

The Company Board of Directors shall ensure that in each financial year the Company spends at least 2% of the average Net Profit made during the three immediately preceding financial years.

—Net profit means the net profit as per the financial statement of the company prepared in accordance with the applicable provisions of the Act, but shall not include the following:

Any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise, and

Any dividend received from other companies in India which are covered under and complying with the provisions of section 135 of the Act.

As per section 135 of the Companies Act, the Company will report reasons for under spending of the allocated CSR budget of the current financial year in the template provided by the Ministry of Corporate Affairs. This reporting will be done Annual Report and signed off by the Board of Directors.

In case of any surplus arising out of CSR projects the same shall not form part of business profits of the Company

The Company may collaborate or pool resources with other companies to undertake CSR activities, through any non-profit organization, if required.

IMPACT ASSESSMENT

Specific Requirement for companies that have an average CSR spend of INR 10 crore or more in the past three financial years.

It must be conducted for all CSR projects that have budgets of INR 1 crore and more; and have been completed one year prior to undertaking the impact assessment.

An 'independent' agency must be appointed to undertake the impact assessment. The costs of such an agency cannot exceed INR 50 lakh or five percent of the total CSR spend for that financial year (whichever is lower).



PERIODICAL REVIEW OF THE POLICY

The Policy is flexible and easy to understand and comply with by all levels of employees. The Board should review this Policy periodically but at least once in a year, so that it remains appropriate in the light of material changes in regulatory requirement with respect to the Company's size, complexity, geographic reach, business strategy, market and best governance practices.

The policy can also be reviewed as and when deemed necessary by the Top Management and amendments effected to the same, subject to approval of the Board if any, and when practical difficulties are encountered. The Top management may also review the policy on document retention to comply with any local, state, central legislation that may be broadcast from time to time

AMENDEMENT OF THE POLICY

The Board of Directors on its own and/or on the recommendation of the CSR Committee or top management can amend this policy as and when required deemed fit. Any or all provisions of this Policy would be subjected to revision/amendment in accordance with the regulations on the subject as may be issued from relevant statutory authorities, from time to time.