

NIVEDITA MERCANTILE AND FINANCING LIMITED

***CORPORATE SOCIAL
RESPONSIBILITY (CSR) POLICY***

The Board of Directors (the “Board”) of Nivedita Mercantile and Financing Limited (the “Company” or “NMFL”) acting upon the recommendation of the Corporate Social Responsibility Policy Committee (the “Committee”), has adopted the following policy and procedures with regard to the Company’s Social Responsibility:

SHORT TITLE & APPLICABILITY

This policy, which encompasses Company’s philosophy for delineating its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare and sustainable development of the community at large, is termed as the “NMFL CSR Policy”. This policy shall apply to all CSR programs taken up at the various locations for the benefit of different segments of the society, specifically the deprived, underprivileged and differently-abled persons.

CSR VISION STATEMENT & OBJECTIVE:

In alignment with vision of the company, NMFL, through its CSR programs, will continue to enhance value creation in the society and in the community in which it operates, through its services, conduct and programs, so as to promote sustained growth for the society and community, in fulfillment of its role as a Socially Responsible Corporate, with environmental concern.

The main objective of this Policy is to set guiding principles and the general framework for carrying out CSR activities by the Company and also to set up process of execution, implementation and monitoring of the CSR programs to be undertaken by the Company. The Policy will function as a built-in, self regulating mechanism whereby the business will monitor and ensure its active compliance with the spirit of law, ethical standards and requisite norms.

DEFINITIONS

In this Policy unless the context otherwise requires:

(a) 'Act' means Companies Act, 2013;

(b) 'Corporate Social Responsibility' means Corporate Social Responsibility (CSR) as defined in Section 135 of the Companies Act, 2013 and Companies Corporate Social Responsibility Policy) Rules, 2014, including any amendments thereof;

(c) 'Ministry' means the Ministry of Corporate Affairs;

(d) 'Net Profit' means net profit as referred to in Section 135 of the Companies Act, 2013 and Companies Corporate Social Responsibility Policy) Rules, 2014 as below:

Net Profit as per financial statements prepared in accordance with the Section 198 of the Act, but shall not include the following, namely:

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

(ii) Any dividend received from other companies in India, which are covered under and complying with the provisions of Section 135 of the Act.

(e) Words and expressions used in this CSR Policy and not defined herein but defined in the Act shall have the meaning respectively assigned to them in the Act.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee shall consist of three or more directors amongst which one shall be an Independent Director. The Committee shall hold meetings as and when required, to discuss various issues on implementation of the CSR Policy of NMFL.

The role of the CSR Committee shall be:

- (a) recommend to the Board CSR projects to be undertaken along with detailed plan, modalities of execution, implementation schedule, monitoring process and amount to be incurred on such activities in a financial year;
- (b) monitor the Corporate Social Responsibility Policy and recommend modifications in the Policy from time to time;
- (c) identify the projects to be undertaken by the Company for CSR;
- (d) ensure compliance of CSR Policy;
- (e) any other matter as may be considered expedient in furtherance of and to comply with the CSR Policy of NMFL.

CSR Programme Areas and Objectives

(i) For the purpose of focusing its CSR efforts in a continued and effective manner, Education and Literacy Enhancement is identified as a main thrust area, the Committee shall undertake various steps including but not restricted to the following:

- a. Identification of students who are in need of funds and resources for education;
- b. Providing scholarships;
- c. Sponsoring school fees;
- d. Providing books, stationeries, uniforms and
- e. Setting up educational institutions and/or education trusts.

Apart from above the Company may undertake following Activities/Projects or such other activities/ projects as may be notified by the Ministry of Corporate Affairs from time to time as a part of the Corporate Social Responsibility (“CSR”):

- Eradicating hunger and poverty and malnutrition, promoting, preventive healthcare and sanitation and making available safe drinking water;
- Promoting education including special education and employment, enhancing vocation skills especially among children, woman, 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 centres, 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 of quality of soil, air and water;
- 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 Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up of public libraries; promotion and development of traditional arts and handicrafts;

- Measures for the benefit of armed forces veterans, war widows and their dependents;
- Training to promote rural sports, nationally recognized sports, and Paralympics sports and Olympic sports;
- Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- Rural Development projects and
- Slum area development.

The Policy shall be subject to the review of Committee and Board of Directors from time to time every financial year.

The Board of Directors shall:

- ❖ Approve of the CSR Policy of the Company;

- ❖ Disclose the content of the Policy in its report and place the Policy on the Company's website in such manner as prescribed under Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.('CSR Rules');

- ❖ after taking into account the recommendations made by the CSR committee, approve the modifications of CSR policy;

- ❖ ensure that the projects included in the Policy and recommended by Committee are undertaken by the Company;
- ❖ ensure that the Company endeavors to spend, in every financial year, at least 2% of the average net profits of the Company made during the three immediately preceding financial years in pursuance of the Policy and
- ❖ ensuring that the Company gives preference to the local areas around its operations for spending the amount earmarked for CSR projects.

QUANTUM OF AMOUNT TO BE SPENT ON CSR ACTIVITIES

The Company shall strive to spend in every financial year at least 2% (two percent) of the average net profits of the Company made during the three immediately preceding financial years.

Any surplus arising and/or additional revenue generated out of CSR projects undertaken by the Company shall not form part of the business profit of the Company and same shall be spent for undertaking any CSR projects only.

IMPLEMENTATION OF CSR ACTIVITIES

1. A list of CSR projects / programmes which the Company plans to undertake during the implementation year will be laid down before the Committee at the beginning of each year, specifying modalities of execution in the areas / sectors chosen and implementation schedules for the same.
2. If the Company decides to set up a Trust or Section 8 Company or Society or Foundation or any other form of entity operating within India to facilitate implementation of its CSR activities in accordance with its stated CSR policy, the following shall apply:
 - a. The Company would need to specify the project / programmes to be undertaken by such an organization, for utilizing funds provided by it;
 - b. The Committee shall establish a monitoring mechanism to ensure that the allocation is spent for the intended purpose only.
3. The Committee shall ensure that the provisions contained Section 135 of the Companies Act, 2013 and Companies Corporate Social Responsibility Policy) Rules, 2014 shall be complied with.

PROCEDURE FOR CSR ACTIVITIES

The Committee shall recommend the Board suitable CSR programs to be undertaken during for the financial year along with the detailed plan, modalities of execution, implementation schedule, monitoring process and amount to be incurred on such activities;

The Board shall give its approval based on the recommendation of the Committee and in compliance of this Policy;

The Committee, after approval, shall submit the half-yearly report giving status of the CSR Activities undertaken, Expenditure Incurred and such other details as may be required by the Board.

EXCLUSIONS

The CSR programs shall be undertaken by NMFL, (either new or ongoing), excluding activities undertaken in pursuance of its normal course of business.

Any Contribution of any amount directly or indirectly to any political party under section 182 of the Act, by NMFL shall not be considered as CSR activity.

The CSR programs that benefit only the employees of NMFL and their families shall not be considered as eligible CSR expenditure in accordance with section 135 of the Act.

MONITORING AND EVALUATION

To ensure effective implementation of the CSR programmes undertaken, a monitoring mechanism will be put in place by the Company. The progress of CSR programmes under implementation will be reported to registered office on a quarterly basis.

The CSR Committee will conduct impact studies on a periodic basis, through independent professional third parties/professional institutions, especially on the strategic and high value programmes and will also try to obtain feedback from beneficiaries about the programmes.

Appropriate documentation of NMFL's CSR Policy, annual CSR activities, executing partners, and expenditure entailed will be undertaken on a regular basis.

REPORTING

CSR initiatives of NMFL will be reported in the Annual Report of NMFL & the Board's Report in compliance with Section 135 and rules made there under.

GENERAL

In case of any doubt with regard to any provision of the policy and also in respect of matters not covered herein, a reference to be made to CSR Committee. In all such matters, the interpretation & decision of the Committee shall be final.

Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the guidelines on the subject as may be issued from Government, from time to time.

The Company reserves the right to modify, add, or amend any of these Policy Rules/Guidelines.