



## CORPORATE SOCIAL RESPONSIBILITY POLICY

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## Version Control

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10/03/2022	V0	Swati Zavar	Corporate Social Responsibility Policy
17/02/2023	V1	Swati Zavar	Amendment in line with provisions of Companies Act 2013 and Corporate Social Responsibility Policy Rules, 2014 with respect to applicability of CSR Committee Constitution, Mode of Implementation of CSR Activities and Impact assessment

## Approval History:

Date	Version	Approved by:
11/03/2022	V0	Ravi Valecha (IFFS- CEO)
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21/03/2022	V0	Board of Directors
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## **I. INTRODUCTION**

Pursuant to provisions of Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014 every Company having net worth of Rs. 500 Crores or more or turnover of Rs. 1,000 Crores or more or net profit of Rs. 5 Crores or more during the immediately preceding financial year shall constitute Corporate Social Responsibility Committee (“CSR Committee”) and the Board/CSR Committee shall formulate and recommend the policy. Section 135 (9) provides that where the amount to be spent by a Company does not exceed fifty lakh rupees, the requirement under sub-section (1) for constitution of the Corporate Social Responsibility Committee shall not be applicable and the functions of such Committee shall be discharged by the Board of Directors of such Company.

The Board shall:

- a. Formulate Corporate Social Responsibility (hereinafter referred to as 'CSR') Policy which shall indicate activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 (as amended from time to time)
- b. Approve the amount of expenditure to be incurred on CSR activities,
- c. Monitor the CSR policy of the Company from time to time.

Further, pursuant to proviso to rule 3(1) of Companies (Corporate Social Responsibility Policy) Rules, 2014, Company having any amount in its Unspent Corporate Social Responsibility Account as per sub-section (6) of section 135 shall constitute a CSR Committee and comply with the provisions contained in sub-sections (2) to (6) of the said section.

This CSR Policy of India Factoring & Finance Solutions Private Limited (“IFFS” or “the Company”) is framed in terms of the Companies Act, 2013 (hereinafter referred to as 'the Act') read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 (hereinafter referred to as 'the CSR Rules') and Schedule VII of the Companies Act, 2013, as amended from time to time.

## **II. OBJECTIVES OF THE POLICY**

1. The CSR Policy sets out our commitment in ensuring that our activities extend beyond business and include initiatives and endeavours for the benefit and development of the society and community at large
2. The CSR Policy lays down the framework or guidelines for undertaking programmes or activities dedicated to CSR.

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## **III. DEFINITION AND INTERPRETATION**

1. “Board” means the Board of Directors of the Company.
2. “Company” means India Factoring & Finance Solutions Private Limited.
3. “CSR Activities” means such programs and projects as may be approved by the Board in terms of this CSR Policy.

4. "CSR Committee" means a committee constituted by the Board of Directors in terms of Section 135 of the Act and the CSR Rules and as amended from time to time.
5. "CSR Rules" means the Companies (Corporate Social Responsibility Policy) Rules, 2014 and as amended from time to time.
6. "CSR Expenditure" means the amount approved by the Board of Directors to be incurred on the CSR Activities in India in terms of the Act and the CSR Rules as approved by the Board from time to time.
7. "Director" means a member of the Board of the Company.
8. "Implementing Agency" means an implementing agency as defined under paragraph IV (2).
9. "Net Profits" means the net profit of the Company as per its financial statement prepared in accordance with the applicable provisions of the Act (or the provisions of the Companies Act, 1956, if then applicable), but shall not include (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.
10. "Society" means a society registered under the Societies Registration Act, 1860 or any other applicable law in India.
11. "Trust" means a trust registered under the Indian Trusts Act, 1882 or any other applicable law in India.
12. "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;

Any term not defined above, shall have the meaning assigned to it under the Act or the CSR Rules.

#### **IV. IMPEMENTATION OF CSR POLICY**

1. The Board shall be responsible for implementing CSR Policy and shall ensure that CSR activities are carried out in accordance with CSR Policy read with the act and the CSR rules.
2. **Mode of Implementation:** The CSR Activities may be undertaken by the Company either by itself with the prior approval of the Board or through any of the following entities as "Implementation Agency"
  - a. Company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 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 exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or, registered under section 12A and approved under 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities
3. The Company shall ensure that the appointed Implementation Agency [mentioned under paragraph IV (2)], is registered with the Central Government
  4. A Company may engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy as well as for capacity building of their own personnel for CSR.
  5. A Company may also collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the Board/Committee of respective companies are in a position to report separately on such projects or programmes in accordance with these rules.
  6. In case of ongoing project, the Board shall monitor the implementation of the project with reference to the approved timelines and year wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.

## **V. CSR EXPENDITURE**

1. The Company shall spend, in every financial year, at least 2% (two percent) of average Net Profits of the Company made during three immediately preceding financial years in accordance with the Act and the rules and CSR Policy.
2. The Board shall be responsible for sanctioning the CSR expenditure.
3. Any surplus arising out of the CSR activities shall not be a part of business profit 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 paragraph VI below, within a period of six months of the expiry of the financial year.
4. CSR expenditure shall include all the expenditure directly or indirectly incurred by the Company on CSR activities undertaken as per CSR Plan.
5. The Board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the Company for the financial year.
6. If the Company fails to spend such amount, the Board shall specify the reasons for not spending the amount in its Directors Report under clause (o) of sub-section (3) of section 134.
7. If the Company spends an amount in excess of the requirements provided under this section at Point 1, the Company may set off such excess amount against the requirement to spend under this section provided under Point 1 of this section 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, in pursuance to Point 3 of this section.
8. (ii) the Board of the Company shall pass a resolution to that effect.
9. The CSR amount may be spent by a Company for creation or acquisition of a capital asset, which 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 as mentioned under Paragraph IV(3) or
- (b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
- (c) a public authority:
10. Any amount remaining unspent under Point 1 of this section to any ongoing project, fulfilling such conditions as may be prescribed, undertaken by a company in pursuance of its Corporate Social Responsibility Policy, shall be transferred by the Company within a period of thirty days from the end of the 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 Corporate Social Responsibility 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 Point VI of this Policy within a period of thirty days from the date of completion of the third financial year.

## **VI. CSR ACTIVITIES**

The Board shall ensure that the CSR activities undertaken by the Company shall be within the scope of the following activities:

- (i) 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.
- (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 8[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 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 Defence 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.]

However, preference shall be given to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities

#### **Activities not included in CSR**

Following shall not be included in CSR:

- (i) Activities undertaken in normal course of business..
- (ii) Activities undertaken outside India



- (iii) Contribution to any political party.
- (iv) Activities benefiting only for employees of the Company.
- (v) Activities not covered within Schedule VII of the Companies Act 2013.

## **VII. GOVERNANCE AND MONITORING**

1. Every year there shall be Board approved CSR plan indicating the CSR program or activities to be carried out during the financial year and the specific budgets thereof with respect to CSR Expenditure. The CSR Plan shall include the following:
  - a. the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Paragraph VI of the Policy;
  - b. the manner of execution of such projects or programmes as specified in Paragraph IV (2) of the Policy;
  - 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:

The Board may alter such plan at any time during the financial year, based on the reasonable justification to that effect.

2. The Board shall review the implementation of CSR programs and issue directions from time to time.
3. The Board may authorise the CEO and/or any other officials of the Company to undertake operational activities with respect to the implementation of the CSR programs.
4. The Board shall satisfy itself that the funds so disbursed have been utilised 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.

## **VIII. CSR REPORTING**

The Board of Directors' Report as per section 134(3) of the Companies Act 2013 shall disclose the composition of the Corporate Social Responsibility Committee formed as per section 135(2) of the 2013 Act.

Activities undertaken shall be prepared in form Annexed to Companies (Corporate Social Responsibility Policy) Rules, 2014 (Rule 8 of the companies (Corporate Social Responsibility Policy) Rules, 2014.

The copy of the policy shall also be displayed on the website of the Company.

In the event, the Company has average CSR obligation of ten crore rupees or more in the three immediately preceding financial years, the Company shall undertake impact assessment as per CSR Rules.

If the Company undertakes impact assessment it may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed two percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is higher.

The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.

#### **IX. AMENDMENTS TO THE POLICY**

The Board of Directors can amend the policy. The policy would be subject to revision/ amendment in accordance with the Regulations issued from time to time by the Statutory Authorities.

The Policy will be subject to review every year.