



## **Madura Micro Finance Limited**

**(CIN: U65929TN2005PLC057390)**

### **Corporate Social Responsibility Policy 2015**

#### **Brief Background**

In terms of Section 135 of Companies Act, 2013, effective 1<sup>st</sup> April 2014, every Company having a Net worth of Rs.500 crores or more, or a turnover of Rs.1,000 crores or more, or a Net Profit of Rs.5 crores or more during any of the three preceding Financial years shall constitute a Corporate Social Responsibility (CSR) Committee, in order to undertake activities that would come under the purview of CSR activities. If the Company falls under the above criteria, the Company should ensure that it spends, in every financial year, at least 2% of the average net profits of the Company made during the three immediately preceding financial years.

The Company is already in the business of lending microfinance to poor and near-poor households to reduce income inequality, promote economic development, employment and growth and allowing citizens from lower socio-economical classes to participate in the economy.

The concept and need for Corporate Social Responsibility (CSR) has gained prominence from all avenues. The Government as well as the Regulators have framed various guidelines pertaining to responsibilities of business as well as the mandatory Corporate Social Responsibility provisions under the Companies Act, 2013 and Rules made thereunder. In order to comply with the new provisions of the Act, the Board of Directors has constituted the CSR Committee at its Meeting held on 30<sup>th</sup> September, 2014 and later reconstituted the same on 12<sup>th</sup> October, 2016.

It is recognized that integrating social, environmental and ethical responsibilities into the governance of businesses ensures their long term success, competitiveness and sustainability.

MMFL through its CSR initiatives will continue to enhance value and promote social sustainability, sustainable development of the environment and social welfare of the people and society at large, more specifically for the deprived and underprivileged persons.

This policy, which encompasses the Company's philosophy for giving back to society as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programme for the welfare and sustainable development of the community at large, is titled as the **"MMFL CSR Policy"**.

This policy shall apply to all CSR initiatives and activities taken up by the Company for the benefit of the society.

The CSR Committee so constituted formulated the Policy on Corporate Social Responsibility (CSR Policy) and recommended the same to the Board of Directors of the Company for its approval. The Board of Directors at their meeting held on 03<sup>rd</sup> March, 2015 approved and adopted the CSR Policy.

**Policy / CSR Activities:**

The Policy has been framed in line with the provisions of Section 135 read with Schedule VII of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014.

- (i) Eradicating hunger, poverty and malnutrition, promoting preventive health care and 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 good health and nutrition for the growth of underprivileged communities;
- (iv) 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;
- (vi) 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;

- (vii) 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:
- (viii) Measures for the benefit of armed forces veterans, war widows and their dependents;
- (ix) Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
- (x) 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;
- (xi) Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government
- (xii) Rural development projects.

**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 Tamil Nadu in India wherein the Company has its Registered Office. 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:**

- (i) 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. The Corpus would thus include the 2% of average net profits, as aforesaid, any income arising therefrom and surplus arising out of CSR activities.
- (ii) 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 5% of total CSR expenditure of the Company in one financial year.

- (iii) However, 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.

**CSR Committee:**

**Guiding Principles for Constitution of CSR Committee:**

- (i) The CSR Committee will consist of Two Directors, out of which at least one Director shall be Independent Director.
- (ii) The Committee will meet at least twice in a year to discuss and review CSR activities and Policy. A quorum of two members is required to be present for the proceedings to take place. Such other meetings of the Committee can be convened as and when deemed appropriate. The Committee members may attend the meeting physically or via such audio-visual means as permitted under the Act. The Committee shall have the authority to call such Employees, Senior Executives and or externals, as it deems fit. The Company Secretary shall act as Secretary to the Committee.
- (iii) Committee Members:

The Chairperson, Members and Secretary of the Committee are as follows:

S. No	Name	Designation
1.	Ms Tara Thiagarajan	Chairman
2.	Mr N C Sarabeswaran	Member
3.	Mr Ajit Thomas	Member
5.	Mr Sanin Panicker	Secretary

**Scope of Functions of CSR Committee:**

- (a) The CSR activities enumerated above shall form part of scope of functions of the CSR Committee.
- (b) To publicize the CSR Policy and initiatives org-wide, especially through mailers,

screensaver and Policy documentation and upload on website.

- (c) To plan and carry out workshops to increase employee awareness on various projects and initiatives.
- (d) Such other activities as directed by the Board of Directors of the Company and / or as deemed appropriate and expedient by the Committee for furtherance of CSR objectives of the Company, in pursuance with the Regulations.

**Transparent Monitoring Mechanism:**

- (a) The CSR Committee shall prepare a transparent monitoring mechanism for ensuring implementation of the projects / programmes / activities proposed to be undertaken by the Company.
- (b) The CSR Committee shall have the authority to obtain professional advice from external sources and have full access to information contained in the records of the Company as well as the powers to call any employee / external Consultant or such other persons and for such purpose as may be deemed expedient for the purpose of accomplishments of overall CSR objectives laid down under the Act.

**Review and Reporting:**

The CSR Committee will review the philanthropic activities of the Company and will provide progress update to the Board of Directors once in every Three months or such other intervals as deemed fit.

The Company will report the details of CSR initiatives and activities of the Company in the Directors' Report and on the website of the Company, as required under the Regulations. Such reporting will be done, pertaining to financial year commencing from the April 1, 2014.

**Monitoring:**

- (a) Appropriate documentation and amendments of the CSR Policy, annual CSR activities, reports on execution by CSR Partner and expenditures will be undertaken on a regular basis and same will be available to the Board of Directors of the Company.
- (b) Initiatives undertaken on the CSR front will be reported in the Annual Report of the

Company.

- (c) The CSR Committee and persons / entities authorized by it, will conduct due diligence checks on the current projects / partners on a quarterly basis and report anomalies, if any, immediately.
- (d) Based on analysis of current projects, carry out roadmap planning for allocation of budget and selection of projects. The same will be done at least once in a financial year.
- (e) Plan and publish an annual calendar of major events so as strive for maximum participation of stakeholders.

**Amendments to the Policy:**

The Board of Directors on its own or as per the recommendations of CSR Committee can amend this Policy, as and when required and deem fit. Any or all provisions of the CSR Policy would be subject to revision / amendment in accordance with the Act on the subject as may be issued from relevant statutory authorities, from time to time.

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