



CSR Policy

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1	CSR Policy	02.11.2023
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1.1	Brajmohan Singh	02.11.2023
Last Board Approved Date	Issuing Department	Last Issue Date
04.11.2023	Process & Policy	02.11.2023
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04.11.2023	Board	04.11.2023

1. Introduction

Sugmya Finance Private Limited commits itself to the highest standards of transparency, compliance and fair practices while meeting the Micro loan needs in a timely and effective manner. Sugmya Finance Private Limited ("The Company") business, be conducted in accordance with the prevailing statutory and regulatory requirements with due focus on efficiency, customer-orientation.

The Company shall adopt all the best practices prescribed by RBI from time to time and shall make appropriate modifications if any necessary to this code to conform to the standards so prescribed. The Policy is to be read in conjunction with related operational guidelines issued from time to time and necessarily read with reference to the changes / modifications as advised by RBI from time to time.

Scope & Coverage

The CSR activities of the Company shall include, but not limited to any or all the sectors/activities as may be prescribed by Schedule VII of the Companies Act, 2013 amended from time to time. Further, the Company will review the sectors/activities from time to time and make additions/deletions/ clarifications to the above sectors/activities.

Objective

Key objective of Corporate Governance is to establish strategic objectives and a set of corporate values that are communicated throughout the organization.

- Setting and enforcing clear lines of responsibility and accountability throughout the organization.
- Ensuring that board members are qualified for their positions, have a clear understanding of their role in Corporate Governance and are not subject to undue influence from management or outside concerns.
- Ensuring that compensation approaches are consistent with the organization's ethical values, objectives, strategy, and control environment.

The Company ensures good governance through the implementation of effective policies and procedures, which are mandated and regularly reviewed by the Board or the committees of the members of the Board.

2. Applicability & Validity of the Policy

The policy will become applicable from such date as approved by the Board of Directors. The policy needs to be updated as and when required. Any change in policy by way of additions and amendments due to changes in laws, regulations, accounting standards shall be implemented immediately with a report to Board of Directors subsequently.

3.Regulatory Reference

The CSR policy has been formulated in accordance with Section 135 of the Companies Act 2013 and the CSR Rules 2014 and the relevant amendments / notifications / circulars .In order to enable NBFCs to adopt best practices and greater transparency in their operations, RBI

4. Governance Framework

The Board should delegate proper authority to the Chief Executive Officer who is responsible for the day-to-day affairs of the Company. He should hold members of Senior Management accountable for their actions and enumerate the consequences if those actions are not aligned with the Board's performance expectations. This includes adhering to the Company's values, risk appetite and risk culture, regardless of financial gain or loss to the Company.

Further, the Company believes that an active, well-informed and Independent Board is necessary to ensure the highest standards of Corporate Governance.

5. Corporate Social Responsibility (CSR) Committee

The Company has constituted a Corporate Social Responsibility Committee as per the requirements of Section 135 of the Companies Act, 2013 on 06th April, 2023. The committee has been constituted for recommending the CSR Budget to the Board and to monitor the CSR activities undertaken by the company within the parameters of the board approved CSR Policy.

Chairman	The members of the Committee may elect a chairman from the committee.
Composition	The Corporate Social Responsibility Committee shall consist of three or more directors and out of which at least one shall be an independent director
Secretary	The Company Secretary of the Company shall act as the Secretary to the Committee.
Meetings and Quorum	The Committee shall meet at least once in a year and as frequently as circumstances require. The quorum shall be at least 1/3rd of the total members or two members of the Committee, whichever is less.

<p>Terms of Reference</p>	<p>The CSR Committee has the following responsibilities:</p> <ul style="list-style-type: none"> • To Formulate and recommend CSR activities to be undertaken by the Company; • To recommend the amount of expenditure to be incurred on the CSR activities; • To formulate the CSR Budget based on the CSR activities planned for the year; • To submit reports to the Board of Directors in respect of the CSR activities undertaken by the Company; • To decide on the locations for the CSR activities; • Formulate and recommend CSR Policy and annual action plan, provided that the Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on reasonable justification to that effect. • The CSR Annual Action Plan shall include the following: <ul style="list-style-type: none"> (a) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act; (b) the manner of execution of such projects or programmes; (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.
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Pursuant to the provisions of Section 135 of the Act, the Board of Directors shall constitute the Corporate Social Responsibility (CSR) Committee. The Members of CSR shall be appointed by the Board of Directors of the Company which must consist of at least two or more Directors. Accordingly, the constitution of CSR Committee formed by India is as follows

S. No	Name	Designation	Role
1.	Mr. Brajmohan Singh	Director	Member
2.	Mr. Shishir Chandra Mishra	Independent Director	Chairman
3.	Mr. Vikas Singh	Director	Member
4.	Ms. Shikha Gangwar	Company Secretary	Secretary

6. Meetings of the Committee

For smooth functioning of the Committee, the members shall meet as below to discuss such matters and to take such decisions as may be necessary; a. The CSR Committee shall hold a minimum number of two meetings in a year. b. The members of the Committee may mutually agree between them regarding time and place for the said meetings. c. The quorum for the CSR Committee Meeting shall be one-third of its total strength (any fraction contained in that one-third be rounded off as one) or two members, whichever is higher. d. The Members of the Committee may participate in the meeting either in person or through video conferencing or other audio visual means as may be convenient. 4. CSR Spend The Companies Act, 2013 prescribes that the companies which meet the criteria specified U/s. Sec. 135 shall allocate certain portion of its annual net profits (calculated as per Sec. 198) during the three immediately preceding financial years to be spent on CSR Activities that fall under the categories specified under Schedule VII of the Act.

7. Areas of CSR Activities

The Company is hereby devoted to direct its CSR resources, to a reasonable extent, for improving the quality of life of the people by focusing on the social causes, including but not limited to the following areas:

- i. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation, including contribution to the Swacch 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 arts and handicrafts;
- vi. Measures for the benefit of armed forces veterans, war widows and their dependents;
- vii. Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;

- viii. 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, and other backward classes, minorities and women;
- ix. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- x. Rural Development Projects; and
- xi. Slum area development
- xii. Activities related to promotion of road safety as suggested vide General Circular No. 21/2014 dated 18.06.2014 issued by Ministry of Corporate Affairs

CSR Spend

The Companies Act, 2013 prescribes that the companies which meet the criteria specified U/s. Sec. 135 shall allocate certain portion of its annual net profits (calculated as per Sec. 198) during the three immediately preceding financial years to be spent on CSR Activities that fall under the categories specified under Schedule VII of the Act.

CSR Expenditure

Net profit for the purpose of allocation towards CSR means profit more fully described under Rule 2(f) of the CSR Rules. The CSR expenditure shall include all expenditure including contribution to corpus or on projects or programs relating to CSR activities approved by the Board of Directors on the recommendation of its CSR Committee but does not include any expenditure on an item not in conformity or not in line with activities stated under Schedule VII of the Act.

8. Implementation mechanism

The company may conduct / implement CSR programs by itself and/or through registered trusts, societies and / or section 8 (previously section 25) companies with an established track record of at least three years in carrying on activities in the related area/s or as suggested by Ministry of Corporate Affairs vide circulars/notifications.

The company may collaborate or pool resources with other companies to undertake CSR activities and any expenditure incurred on such collaborative efforts would qualify for computing the CSR spending.

The progress will be reported to the CSR Committee during the committee meetings. The progress on CSR programs undertaken by the Company will be reported in the Annual Report in the format prescribed by the CSR Rules 2014.

Format for Annual Report

The Annual Report							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programmes 1. Local area or other 2. Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programme wise	Amount spent on the projects or programmes Sub heads: 1. Direct expenditure on projects or programmes 2. Overhead	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
Total							

9. Failure to spend the CSR Money

If the Company fails to spend the required amount in a particular financial year, it is the duty of the Committee to submit a report in writing to the Board of Directors specifying the reasons for not spending the amount, which in turn shall be reported by the Board of Directors in their Annual Report pertaining to that particular Financial Year. Surplus, if any, arising out of the CSR projects or programs or activities shall not form part of the business profit of the Company.

Annual CSR Plan

The Annual CSR Plan is a yearly plan of CSR activities that would be placed before the Board of Directors of the Company based on recommendation of its CSR Committee which outlines inter alia the following aspects of CSR initiatives of the Company:

- Project Proposals
- Targeted Beneficiaries and their key needs
- Alignment with Schedule VII
- Project Goals and milestones
- Activities and Timelines including expected closure dates.
- CSR Budget with projections
- Monitoring mechanism
- Progress reporting and frequency of reports
- Risks and mitigation strategies
- Any other information as may be required by the CSR Committee

Important Notes: -

Review of this policy would be undertaken annually and will be subject to approval by the Board/Any change in document by way of additions and amendments due to changes in laws, regulations, accounting standards, etc. would follow change management process and adequate version control.

Director

Company Secretary