

FINQUEST FINANCIAL SOLUTIONS PRIVATE LIMITED

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

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CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

1. Context

While **FINQUEST FINANCIAL SOLUTIONS PRIVATE LIMITED** having business of consultancy & advisory services in the field of finance to clients, it has not lost sight of its commitment to play its role as an enlightened corporate citizen. Corporate Social Responsibility has always been on its agenda. Further pursuant to 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 Crore or more or net profit of Rs. 5 Crores or more shall constitute Corporate Social Responsibility Committee ('CSR Committee') and the CSR Committee shall formulate and recommend Policy.

The CSR Committee so constituted formulated Policy on Corporate Social Responsibility (CSR Policy) and recommended the same to the Board of Directors of the Company ('Board') for its approval. The Board vide its resolution dated April 26, 2017 approved and adopted the CSR Policy with immediate effect.

1.1 Objectives of the Policy

This Policy shall be read in line with Section 135 of the Companies Act, 2013 ('Act'), Companies (Corporate Social Responsibility Policy) Rules, 2014 ('Rules') and such other rules, regulations, circulars, and notifications (collectively referred hereinafter as 'Regulations') 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 provision of Regulations to dedicate a percentage of Company's profit for social projects.
- Guiding principles for selection, implementation and monitoring of CSR activities
- Ensuring the implementation of CSR initiatives in letter and spirit through appropriate procedure and reporting.
- Creating opportunities for employees to participate in socially responsible initiatives.

1.2 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;
- (c) 'Ministry' means the Ministry of Corporate Affairs;
- (d) 'Net Profit' means net profit as defined in Section 135 of the Companies Act 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014 as set out below:

Net Profit as per financial statement prepared in accordance with the Section 198 and other applicable provision 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 provision of Section 135 of the Act.
- (e) Words and expression 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.

1.3 CSR Activities

The Policy recognizes that Corporate Social Responsibility is not merely compliance; it is a commitment to support initiative that measurably improve the lives of underprivileged by one or more of the following focus areas as notified under the Act and the Rules:

- 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 skill especially among children, women, elderly, and 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 centre 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, agro forestry, conservation of natural resources and maintaining quality of soil, air and water;
- V. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of arts; setting up public libraries; promotion and development of traditional arts and handicrafts;
- VI. Measures for the benefit of armed forces veterans, war windows and their dependents;
- VII. Training to promote rural sports, naturally recognized sports, Paralympic Sports and Olympic Sports;
- VIII. Contribution to 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;
- IX. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- X. Rural Development Projects;
- XI. Providing with hospital and dispensary facilities with more focus on clean and good sanitation so as to combat human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases;
- XII. Any other activity as board deemed fit towards betterment of society including upliftment of individual and as amended and notified by ministry from time to time.

CSR activities may be undertaken as projects, programs of activities (either new or ongoing) excluding activities undertaken in pursuance of the normal course of business of the Company.

1.4 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 Maharashtra and such other state(s) in India wherein the Company may not 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.

1.5 Annual spends/Allocation of Funds

- 1.5.1 The Company would spend not less than 2% of the average Net profit of the Company made during the three immediately preceding financial year. The Surplus arising out of the CSR activity will not be part of business profit of the Company. The Corpus would thus include the 2% of average net profit, as aforesaid any income arising there from and surplus arising out of CSR activities.
- 1.5.2 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-section (2) to (5) of the said section, till such time it meets the criteria specified in sub-section (1) of the Act.

2. CSR Committee

2.1 Guiding Principles for Constitution of CSR Committee

The CSR Committee will consist of Three directors.

The Committee may meet at least once 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. 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 employee(s), senior official(s). The Company Secretary should act as Secretary to the committee.

2.2 Scope of Functions of CSR Committee

The functions of CSR Committee will, inter-alia, include the following:

2.2.1 Notified CSR Activities

1. Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;

2. Promoting education, including special education and employment enhancing vocation skill especially among children, women, elderly, and differently abled and livelihood enhancement projects;
3. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizen and measures for reducing inequalities faced by socially and economically backward groups;
4. 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;
5. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and work of arts; setting up public libraries; promotion and development of traditional arts and handicrafts;
6. Measures for the benefit of armed forces veterans, war windows and their dependents;
7. Training to promote rural sports, naturally recognized sports, Paralympics Sports and Olympic Sports;
8. Contribution to 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;
9. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
10. Rural Development Projects;
11. Providing with hospital and dispensary facilities with more focus on clean and good sanitation so as combat human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases;
12. Any other activity as board deemed fit towards betterment of society including upliftment of individual and as amended and notified by Ministry from time to time

2.2.2 Ancillary Activities:

- I. To Publicize the CSR Policy and initiatives org-wide, especially through mailers, screensavers and Policy documentation and upload(s) on website.
- II. To plan and carry out workshops to increase employee awareness on various projects and initiatives
- III. Such other activities as directed by the Board of Directors of the Company and/or as deemed appropriate and expedient by the committee for the furtherance of CRS objectives of the Company, in pursuance with the Regulations.

2.2.3 Transparent Monitoring Mechanism:

The CSR Committee shall prepare a transparent monitoring mechanism for ensuring implementation of the projects/ programmers/ activities proposed to be undertaken by the Company.

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 person(s) and for such purpose as many be deemed expedient laid down under the Act.

3. Procedures

3.1 Funding

1. As per Regulations the Company will set aside, for annual CSR activities, an amount equal to 2% of the average Net Profit of the Company made during the three immediately preceding financial years. Any unutilized CSR allocation of a particular year, will be carried forward to the following years i.e. the CSR budget will be non-lapsable in nature.
Provided that all reasonable efforts will be made to ensure that the annual CSR allocation is fully utilized in the respective year. However, if the Company fails to spend such amount, the Board of Directors shall, in its report under clause (o) of Sub-section (3) of Section 134 of the Act, shall specify the reasons for not spending the amount.
2. Tax treatment of CSR Spend will be in accordance with the Income Tax Act, 1961 as notified by the Central Board of Direct Taxes (CBDT).

3.2 Planning and implementation

1. For the purpose of focusing its CSR efforts in a continued and effectiveness, Education and healthcare, literacy Enhancement is identified as a main thrust area, besides other activities permitted under the Regulations.
2. 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.
3. Identification of projects and the executing agency/NGO may be made, inter-alia by assessing the following:
 - a) Project Objectives.
 - b) Baseline survey-As is and To-be state basis, accordingly the outcome of the project will be measured.
 - c) Implementation schedules- Timelines for milestones of the project will need to be prescribed and agreed upon.
 - d) Responsibilities and authorities.
 - e) Major result expected and measurable Outcome including the expenses/charges ratio as against the actual CSR spends.
4. 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 projects/programmes to be undertaken by such an organization, for utilizing funds provided by it;
 - b) The Company shall establish a monitoring mechanism to ensure that the allocation is spent for the intended purpose only;
5. The Company may also conduct/implement its CSR programmes through trusts, Societies or Section 8 Companies operating in India, which are not set up by the Company itself, herein collectively referred to as 'CSR Partner' or 'CSR Partner(s)'
 6. Such spends may be included as part of its prescribed CSR spend only if such organizations have an established track record of at least three years in carrying on activities in related areas.
 7. Company may collaborate or pool resources with other companies to undertake CSR activities within India. Only activities which are not for the benefits of employee of the Company or their family members shall be considered as CSR activity.

3.3 Projects/Partners

1. CSR Committee in consultation of the Board of Directors of Board of Directors of the Company will identify suitable projects for implementation in line with the objectives of the Company and requirements laid down under the Regulations. These projects would be executed either directly by the Company and/or through CSR Partner(s)

3.4 Criterion for CSR Partner(s) and Agreement

1. While identifying projects, CSR Committee will assess CSR Partner(s) organizations who would execute the projects at the gross root level. At a minimum they need to meet the following criteria:
 - a) The CSR Partner(s) has a Permanent Office/Address in India;
 - b) The CSR Partner(S) is a Trusts, Societies or Sections 8 Company having an established track record of three year in undertaking similar CSR programs or projects in pursuance with the relevant regulations;
 - c) Possesses a valid Income-Tax Exemption Certificate;
 - d) The antecedents of the CSR partner are Verifiable.
 - e) Having requisite framework to report progress/ status of the projects on a quarterly basis on agreed parameters.
 - f) Maintain a required level of auditable records on the CSR initiatives conducts in conjunction with Finquest Financial Solutions Private Limited as agreed mutually.
2. Once the project/program is approved, Finquest Financial Solutions Private Limited and the CSR Partner may be required to enter into an agreement as per the standard MOU requirements.

3.5 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 a year/such Intervals as deemed fit.

The Company will report, in the prescribed format in the details of CSR initiative 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(s) commencing on or after the 1st day of April 2014.

4. Monitoring

1. Appropriate documentation and amendments of the CSR Policy, annual CSR activities, report on executions by CSR Partner(s) and expenditures will be undertaken on a regular basis and same will be available to the Board of Directors of the Company.
2. Initiatives undertaken on the CSR front will be reported in the Annual Report of the Company.
3. The CSR Committee and persons/entities authorized by it, may conduct due diligence check on the current project/partners on a quarterly basis and report anomalies, if any, immediately.
4. Based on analysis of current project, may carry out roadmap planning for allocation of budget and selection of project. The same will be done at least once in a financial year.
5. Plan and publish an annual calendar of major event so as strive for maximum participation of stakeholders.

5. Amendments to The Policy

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