

CORPORATE SOCIAL RESPONSIBILITY POLICY

Review on May 17, 2019

CSR POLICY

[Pursuant to Section 135 of the Companies Act, 2013]

BACKGROUND

This document outlines the vision of Paisalo Digital Limited, Formerly Known as S. E. Investments Limited) (Company/PDL), towards Corporate Social Responsibility (CSR), in accordance with the Section 135 of the Companies Act, 2013 and Rules made thereunder.

The CSR activities, projects and programmes that will be undertaken by the Company shall be those as may be approved by the committee that will be constituted / reconstituted by the Board of Directors of the Company in this regard (CSR Committee). The CSR Committee will approve the undertaking of such activities, projects and programs as are covered under the following areas set out in Schedule VII of the Companies Act, 2013:

- i.** eradicating hunger, poverty and malnutrition, promoting healthcare including preventive health care and sanitation including contribution to the Swachh 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 centers 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 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, Paralympics' sports and Olympic sports; and rural development projects.
- viii.** slum area development.

The Company has always focused to contribute towards sustainable development of the society and environment, and to make our planet a better place for future generations.

SCOPE AND APPLICABILITY

We are classifying only those projects that are over and above Company's normal course of business as CSR. This policy is applicable to all CSR projects/programmes undertaken or to be undertaken by the Company and it will be further reviewed and updated from time to time.

PURPOSE OF THE POLICY

The key purpose of this policy is to:

- Define what CSR means to us and the approach adopted to achieve Company's CSR goal,
- Define the kind of projects that will come under the ambit of Company's CSR,
- Identify broad areas of intervention in which the Company will undertake projects,
- Serve as a guide document which will help in executing and monitoring CSR projects,
- Elucidate criteria for partner implementation agencies and
- Explain the manner in which the surpluses from CSR projects will be treated.

GUIDELINES

- The Company's CSR program/project will be overseen under the aegis of Company's CSR Committee.
- The CSR Committee is formulated with reference to Section 135 of the Companies Act, 2013 on CSR (the Act) and The Companies (Corporate Social Responsibility Policy) Rules, 2014 (the Rules).
- **Company's Board of Directors will be responsible for:**
 - a) reviewing recommendations made by the CSR Committee,
 - b) approving the CSR Policy of the Company,
 - c) ensuring that in every financial year the funds committed by the Company for CSR activities are utilized effectively by regular monitoring implementation;
 - d) ensuring that in each financial year the Company spend at least 2% of the average net profit before taxation made during the three immediate preceding financial years.
- Company's CSR Committee will consist of three or more Directors out of which, atleast one will be an independent Director.
- Company's CSR Committee will be responsible for:

- a) Formulation & recommendation to Board a CSR Policy in compliance of Section 135 of Companies Act, 2013, which shall provide an indicative list of activities aligned to the CSR policy which shall be undertaken by the Company. The CSR Policy will also include the recommendation for the budget/expenditure as may be needed for the financial year,
 - b) monitoring the CSR Policy of the Company from time to time and recommending modifications to the CSR Policy, as and when required,
 - c) annual reporting to the Board, the status of the CSR activities and contribution made by the Company;
 - d) any other requirement mandatory under the Companies Act, 2013 and Rules made thereunder.
- The Company shall upload its CSR Policy on its website.
- A status report on the CSR activities carried out by the Company shall be disclosed every year as part of the Directors' Report in Annual Report and the said information shall also be uploaded on the website of the Company.

EXECUTION OF CSR ACTIVITIES

The Companies (Corporate Social Responsibility Policy) Rules, 2014 prescribed that:

- The CSR activities shall be undertaken by the Company, as per its stated CSR policy, as projects or programs or activities (either new or ongoing), excluding activities undertaken in pursuance of its normal course of business.
- The Board of the Company may decide to undertake its CSR activities approved by the CSR Committee, through a registered trust or a registered society or a Company established by the Company or its holding or subsidiary or associate company under section 8 of the Act or otherwise:

Provided that-

- (i) if such trust, society or company is not established by the company or its holding or subsidiary or associate company, it shall have an established track record of three years in undertaking similar programs or projects;
- (ii) the company has specified the project or programs to be undertaken through these entities, the modalities of utilization of funds on such projects and programs and the monitoring and reporting mechanism.

Accordingly, Company may build CSR capacities of its own personnel by training its staff to think strategically about how and where the money is being spent, as well as how to effectively manage other organization through which or in collaboration with which the Company undertakes/ may undertake CSR activities or Board of the Company may decide to undertake CSR activities approved by CSR Committee, through a registered trust or a registered society or a not-for-profit Company.

PARTNERING ORGANISATION

CSR activities of the Company will be undertaken by making contributions to one or more Registered Trust or Society or other not-for-profit organisations (hereinafter referred as Partnering Organisation) established for the same purpose.

The contribution towards the Partnering Organisation will be governed by Letter of Commitment issued by the Company to the Partnering Organisation from time to time and the Project Plan/ Program of the Partnering Organisation as approved by the Company. In regards, entering in partnership with organisation(s) are concerned, the Company shall ensure that the said organisations have impeccable track record of service, performance and accountability and fulfil the criteria as prescribed under the Act.

PROCESS FOR UNDERTAKING CSR ACTIVITIES/PROJECTS

The following procedure is required to be adhere to while undertaking/funding CSR activities/projects/programs:

- formulating and recommending a letter of contribution for undertaking CSR activities through Partnering Organisation along with the project plan submitted by the Partnering Organisation, the contribution would be for a particular project or projects identified by the Company,
- the disbursement of contribution amount by the Company to the Partnering Organisation shall be made only if they have requisite approval and registration,
- the disbursement will be made only upon receipt of a request from the Partnering Organisation specifying the amount that is required and the activities & nature of expenditure for which it is required;
- the Company whilst making any contribution may specify the activities for which it is made and the said amount and any interest earned on such amount shall be utilised towards the said activities only.

CSR BUDGET

The CSR Committee will recommend the annual budget for CSR programs/ activities to the Board of Directors for its consideration and approval.

Further, it is explicitly stated here that any surplus/ income generated from CSR activities will be tracked and channelized back into CSR activities and shall not be part of the business profit of the Company.

MONITORING

To ensure steady progress and proper utilization of the of CSR amount, the following monitoring mechanism may be adopted depending upon the size of contribution and Partnering Organisation:

- Periodic field visits by the person deputed by the Company;
- Undertaking sample internal audit of the projects/activities;
- Review of the reports submitted by Partnering Organisation including conducting of annual review of the financial and operational condition of the Partnering Organisation.

The Partnering Organisation shall allow the Company, its management, its authorised persons and/ or its regulators to enter upon the premises of Partnering Organisation and monitor, inspect, examine and audit the Partnering Organisation operations and records which the Company or its authorised persons and/ or regulators in their discretion deem to be relevant.

The CSR Committee of the Company may engage external agencies to evaluate the CSR projects and monitor its progress. The Committee would constantly monitor the implementation of the CSR projects and utilization of the CSR amount.

Further, the Company shall be entitled to ask and receive the following information from the Partnering Organisations:

- Audited financial statements.
- Operational/ progress reports and other necessary information from time to time.
- Any information or circumstance which may affect or jeopardise the implementation of the policy activities of the Partnering Organisation.

GENERAL

Words, terms and expressions used in this Policy shall have the same meaning respectively assigned to them in the Companies Act, 2013 or rules made thereunder.