



UC INCLUSIVE CREDIT PRIVATE LIMITED (“UCIC”)

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**Corporate Social Responsibility (CSR) Policy**

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**1. Preamble - UCIC delivers debt capital solutions for businesses to innovate, scale and implement deep social and environmental impact.**

This policy of UC Inclusive Credit Private Limited (hereinafter referred to as “the Company” or “UCIC”) on Corporate Social Responsibility (CSR) has been framed in compliance to the provisions of section 135 and schedule VII of Companies Act, 2013 (“the Act”) read with the Companies (Corporate Social Responsibility) Rules, 2014 (“the CSR Rules”), and shall include any alterations, amendments or modifications hereto from time to time.

**2. Objective**

This Policy is formulated with the following objectives:

- a. Identify the “Key Focus Areas” for CSR expenditure;
- b. Formulate the modality for meeting the target of CSR expenditure and proposing Annual Action Plan to Board or CSR Committee, if any
- c. Devising treatment of various line items under CSR expenditure and surplus;
- d. Implement a transparent monitoring mechanism for CSR activities of the Company.

**3. CSR Committee**

As per extant MCA provisions where the amount to be spent by a company under CSR Laws does not exceed fifty lakh rupees, the requirement for constitution of the Corporate Social Responsibility Committee shall not be applicable and the functions of such Committee, be discharged by the Board of Directors of such company.

Accordingly, a CSR Committee may be formed by the Board, voluntarily or as per the requirements of the Act, as the case may be, and shall have the same power and duties which are stipulated by the Act and the rules made thereunder. Nevertheless, the Board of the Company, by passing a resolution, may stipulate additional functions, duties and powers to the Committee to effectively manage the affairs pertaining to CSR.

**4. CSR Activities:**

Within the ambit of schedule VII of the Act, the Board shall identify the Key Focus Areas for the purpose of CSR Expenditure. However, UCIC shall give preference to the local area around it where it operates, for spending the amount earmarked for CSR Activities.

## **5. Procedure of undertaking CSR expenditure:**

The Company will endeavor to conclude the CSR expenditure within such timelines as prescribed under law. CSR expenditure may be undertaken in the following manner:

- a. Applicability - Determination of Applicability of CSR Provisions and Computation of amount required to be expended during a financial year by Company Secretary or Legal & Compliance team of the Company;

Proposal - A potential partner/ implementing agency may send a proposal for a project to the Company

- b. Analysis of proposal - The team at UCIC shall analyze the proposal on basis of its credibility, compliance, past track records, focus on segment, types of projects, geographic presence, goodwill, capacity, infrastructure and other relevant factors;
- c. Annual Action Plan - Thereafter, An Annual Action Plan based on Company's CSR policy, shall be drafted by the Company Secretary/ Legal & Compliance team and the draft be forwarded to Managing Director for his/ her review.
- d. Approval process - Thereafter, the reviewed draft of Annual Action Plan be placed before the Board of the Company, for its approval.
- e. Execution of grant letters - Once the Annual Action Plan is approved by the Board, the grant letters for the corresponding proposals shall be executed and issued which shall lay down the role, responsibilities, and accountabilities of each signing party.
- f. The Board shall be informed on the CSR expenditure incurred by the Company at its ensuing meetings.

## **6. Administrative Overheads:**

The administrative overheads, attributable to the CSR expenditures by the Company, in any year shall not exceed 5% of the total CSR expenditure of the Company, required to be extended during that financial year.\*\*

### Footnote:

\*\*“Administrative overheads” as defined under Rule 2(b) of the Companies (Corporate Social Responsibility Policy) Rules, 2014, means the expenses incurred by the company for ‘general management and administration’

of Corporate Social Responsibility functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme;

\*\*For instance, if during the Financial Year 2023-24, the Company is required to expend Rs. 1 lakh towards the cause of CSR, then the administrative overhead in the FY 2023-24 cannot go beyond Rs. 5,000/-.

## 7. Surplus arising out of CSR Activities

Any surplus arising out of CSR Activities, shall not form part of business profit of the Company and shall be ploughed back into the same project (if it is an ongoing one) or shall be transferred to the Unspent CSR Account and spent in pursuance to Annual Action Plan of the Company or transfer such surplus amount to a Fund specified in Schedule VII within a period of six months of the expiry of the concerned financial year.

## 8. Excess Expenditure and Setting it off

Where the Company spends an amount in excess to the requirement of Section 135(5) of the Act, such excess amount may be set off against the requirement to spend under section 135(5) of the Act upto immediate succeeding 3 financial years subject to the condition that:

- (i) the excess amount available for set off does not include any surplus arising out of CSR activities undertaken by the Company
- (ii) the Board of the Company has passed a resolution to that effect

## 9. Treatment of Unspent CSR Amount

If the Company fails to spend or spends less than the amount required to be spent under its CSR obligation, the Board shall specify the reasons for not spending in the Board's Report and shall deal with the unspent amount as mentioned in Annexure B in the following manner:

Nature of unspent amount	Action required	Timelines
Unspent amount pertains to 'ongoing projects'	Transfer such unspent amount to a separate bank account of the company to be called as 'Unspent CSR Account'.	Within 30 days from the end of the financial year
Unspent amount pertains to 'other than ongoing projects'	Transfer unspent amount to any fund included in Schedule VII of the Act.	Within 6 months from the end of the financial year.

It is pertinent to note here that if any amount is transferred to 'Unspent CSR Account' of the Company then the same shall be used only for meeting the expenses of ongoing projects, and not for other general purposes of the company. The special account also cannot be used by the company as collaterals or creating a charge or any other business activity.

**10. Impact Assessment**

An Impact Assessment, through an independent agency shall be undertaken by the Company, if so required under the Act and in the manner, as provided thereat and the rules framed thereunder.

**11. Review and Monitoring of CSR Activities:**

Implementation of this policy will be monitored and reviewed periodically by the Board. It shall ensure that the Company utilizes the CSR amount before the expiry of the relevant financial year in which CSR activities have been performed. A utilization cum compliance certificate duly certified by any independent CA/CS Firm or practicing individual shall be procured from the Implementing Agencies/ the Company (as applicable) to ensure the same.

**12. Reporting and Disclosure :**

UCIC will disclose its Corporate Social Responsibility performance in a transparent manner to all its stakeholders and the community at large on a regular basis through adequate information:

- a) In ROC Forms
- b) in its Board Report
- c) in its annual report on CSR.
- d) on its website

UCIC shall mandatorily disclose the following on its website, for public access:

- (i) Composition of the CSR Committee, if any
- (ii) CSR Policy; and
- (iii) Projects approved by the Board, as the case may be

**13. Amendments in CSR Policy:**

The Board of Directors of the Company may amend, annul or set aside any part of this policy by passing a resolution at its duly convened meeting.

**14. Review of CSR Policy:**

CSR policy may be reviewed by the Board at least once in every two years.

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Annexure - A

**Schedule VII**

**(See Section 135)**

Activities which may be included by companies in their Corporate Social Responsibility Policies  
Activities relating to:—

1[(i) Eradicating hunger, poverty and malnutrition, 2[“promoting health care including preventive health care”] and sanitation 3[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, agroforestry, conservation of natural resources and maintaining quality of soil, air and water 4[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, 5[ 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 6[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;

7[(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 Defense 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.]

**Note :**

1. Clarification on spending of CSR funds for COVID-19.

2. COVID-19 related FAQs on CSR.

**Amendment**

<sup>1</sup> Substituted by Notification Dated 27th February, 2014. - Original Content

<sup>2</sup> Substituted by Notification Dated 31st March, 2014.

For the words "promoting preventive health care" read "promoting health care including preventive health care".

<sup>3</sup> Inserted by Notification Dated 7th August, 2014.

<sup>4</sup> Inserted by Notification Dated 24th October, 2014.

<sup>5</sup> Inserted by Notification dated 30th may 2019.

<sup>6</sup> Substituted by Notification Dated 11th October 2019.

in Schedule VII for the item no. ix.;

ix. contributions or funds provided to technology incubators located within academic institutions which are approved by the central govt.

the following item and entries shall be substituted namely,

**(ix)** Contribution to incubators funded by Central Government or State Government or any agency or Public Sector Undertaking of Central Government or State Government, and contributions to public funded Universities, Indian Institute of Technology (IITs), National Laboratories and Autonomous Bodies (established under the auspices of Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR), Council of Scientific and Industrial Research (CSIR), Department of Atomic Energy (DAE), Defence Research and Development Organisation (DRDO), Department of Science and Technology (DST), Ministry of Electronics and Information Technology) engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).

<sup>7</sup> Inserted by Notification Dated 19th November 2019.

<sup>8</sup> Inserted by Notification Dated 26th May 2020 **Effective from 28.03.2020**

<sup>9</sup> Inserted by Notification Dated 23rd June 2020.

<sup>10</sup> Substituted by Notification Dated 24th August 2020

in Schedule VII for the item no. ix.;

<sup>8</sup> **[(ix)** Contribution to incubators funded by Central Government or State Government or any agency or Public Sector Undertaking of Central Government or State Government, and contributions to public funded Universities, Indian Institute of Technology (IITs), National Laboratories and Autonomous Bodies (established under the auspices of Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR), Council of Scientific and Industrial Research (CSIR), Department of Atomic Energy (DAE), Defence Research and Development Organisation (DRDO), <sup>2</sup>[Department of Biotechnology (DBT)], Department of Science and Technology (DST), Ministry of Electronics and Information Technology) engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).]

the following item and entries shall be substituted namely,

(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 Defense 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).

**Original Omitted Content** (i) eradicating extreme hunger and poverty;

(ii) promotion of education;

(iii) promoting gender equality and empowering women;

(iv) reducing child mortality and improving maternal health;



(v) combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases;

(vi) ensuring environmental sustainability;

(vii) employment enhancing vocational skills;

(viii) social business projects;

(ix) contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women; and

(x) such other matters as may be prescribed.

## Annexure - B

### Definitions:

“Administrative overheads” means the expenses incurred by the company for ‘general management and administration’ of Corporate Social Responsibility functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme;

“Corporate Social Responsibility (CSR)” means the activities undertaken by a Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in these rules, but shall not include the following, namely:-

- (i) activities undertaken in pursuance of normal course of business of the company: Provided that any company engaged in research and development activity of new vaccine, drugs and medical devices in their normal course of business may undertake research and development activity of new vaccine, drugs and medical devices related to COVID-19 for financial years 2020-21, 2021-22, 2022-23 subject to the conditions that-
  - (a) such research and development activities shall be carried out in collaboration with any of the institutes or organisations mentioned in item (ix) of Schedule VII to the Act;
  - (b) details of such activity shall be disclosed separately in the Annual report on CSR included in the Board’s Report;
- (ii) any activity undertaken by the company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;
- (iii) contribution of any amount directly or indirectly to any political party under section 182 of the Act;
- (iv) activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);

- (v) activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;
- (vi) activities carried out for fulfilment of any other statutory obligations under any law in force in India;

“CSR Committee” means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act;

“CSR Policy” means a statement containing the approach and direction given by the board of a company, taking into account the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan;

“net profit” means the net profit of a company as per its financial statement prepared in accordance with the applicable provisions 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 provisions of section 135 of the Act: Provided that in case of a foreign company covered under these rules, net profit means the net profit of such company as per profit and loss account prepared in terms of clause (a) of sub-section (1) of section 381, read with section 198 of the Act;

“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;