



FAIRASSETS TECHNOLOGIES INDIA PRIVATE LIMITED

Corporate Social Responsibility (CSR) Policy



VERSION	DATE OF ADOPTION/REVIEW	PARTICULARS	OWNER	CUSTODIAN	APPROVING AUTHORITY
1.0	18-11-2024	Corporate Social Responsibility (CSR) Policy	Compliance	Compliance	Board of Directors

INDEX

S. No.	Section	Page No.
1.	Preamble	4
2.	Policy Objectives	4
3.	Definitions	4
4.	CSR Activities	5
5.	CSR Committee Constitution	7
6.	Role of the Board	7
7.	Manner of Execution	8
8.	CSR Budget/ Expenditure	8
9.	Surplus Arising, If Any	8
10.	Set-off of excess	8
11.	Transfer of unspent CSR amount	8
12.	Reporting Requirement	9
13.	Disclosure Requirement	9
14.	Amendment of Policy	9

PREAMBLE

Fairassets Technologies India Private Limited (“the Company” or “Faircent”) is a company incorporated under the Companies Act, 1956 having Corporate Identification Number (CIN: U67100HR2013PTC048659). It is registered as an NBFC-P2P and was the first entity to be regulated as an NBFC Peer-to-Peer (P2P) by the RBI on May 16, 2018. The Company is structured in base layer NBFC as per Master Direction – Reserve Bank of India (Non-Banking Financial Company–Scale Based Regulation) Directions, 2023 dated October 19, 2023. The Company operates a business that connects borrowers and lenders through a seamless digital platform (Peer-to-Peer Lending Platform). It neither accepts deposits nor lends its own funds.

The Company’s primary mission has been to focus on unserved and underserved borrowers, many of whom previously relied on informal credit sources at high interest rates. It has played a pivotal role in integrating these borrowers into the formal credit network, providing access to fairer financial opportunities. The Company has enabled individuals to utilize their surplus capital effectively by offering an alternative investment/lending option and has scaled its efforts to serve large numbers of unserved borrowers, including MSMEs. The platform has channelled capital towards productive uses such as education and business ventures, offering a compelling alternative to traditional investment options like real estate, gold, or cryptocurrency.

The Company has constituted the Corporate Social Responsibility (CSR) framework as per Section 135 of Companies Act, 2013, the Companies (Corporate Social Responsibility Policy) Rules, 2014 (Rules) and Schedule VII of Companies Act, 2013 as amended from time to time.

As a socially responsible entity, the Company is committed to its Corporate Social Responsibility (CSR) initiatives, which encompass a wide range of objectives. These include the promotion of education and healthcare, addressing energy and climate change concerns, and improving societal welfare. The Company embraces universal human rights, environmental stewardship, integrity, accountability, and sustainable operations as core values of its CSR policy.

The Board will be responsible for formulating the CSR Policy and make recommendation on the CSR expenditure, activities and allocation of net profit for such activities.

POLICY OBJECTIVES

The objective of the CSR Policy (“Policy”) is to lay down the guiding principles in undertaking various Programs and projects by or on behalf of the company relating to Corporate Social Responsibility (“CSR”) within the meaning of section 135 of the Companies Act, 2013 read with Schedule VII of the Act and the CSR Policy Rules 2014. (“Rules”)

DEFINITIONS

1. **“Act”** shall mean the Companies Act 2013, including any modifications, amendments or re-enactment thereof.
2. **“Approved Budget”** shall mean the total budget as approved by the Board of the Company which is to be utilized for CSR Projects.
3. **“Board”** shall mean the Board of Directors of the Company.
4. **“CSR Annual Plan”** shall mean the annual plan detailing the CSR expenditure for the year.

5. **“CSR Committee”** means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Companies Act
6. **“CSR Policy”** shall mean the present Corporate Social Responsibility Policy of the Company, which covers the activities to be undertaken by the Company as specified in Schedule VII to the Act and the CSR Expenditure thereon, excluding activities undertaken in pursuance of normal course of business of a company.
7. **“CSR Projects”** or **“Projects”** means Corporate Social Responsibility projects/activities/programs/ initiatives instituted in India, either new or ongoing, and include, but is not limited to those undertaken by the Board.
8. **“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.
9. **“Financial Year”** shall mean the period beginning from 1st April of every year to 31st March of the succeeding year.
10. **“Net profit”** means net profit as defined in Section 135 read with Section 198 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014 as set out below: Net Profit as per financial statements 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. Words and expressions used and not defined in this Policy but defined in the Act and CSR Rules shall have meanings respectively assigned to them in the Act & CSR Rules.
11. **“Rules”** shall mean the Companies (Corporate Social Responsibility) Rules 2014, including any re-enactment, modifications or amendments thereof.

CSR ACTIVITIES

The activities that the Company may undertake shall be (inter alia):

- i. Eradicating hunger, poverty and malnutrition, [promoting health care including preventive health care] and sanitation [including contribution to the Swach 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 art and handicrafts;
- vi. measures for the benefit of armed forces veterans, war widows and their dependents, [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 [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;
- 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.

Exclusion from CSR

The following restrictions will be applied before finalizing projects/activities: -

- The CSR activity shall not be in the ordinary course of the business of the Company.
- Activities undertaken outside India, except for training of Indian sports personnel representing any State or Union Territory at national level or India at international level.
- There shall not be any contribution directly or indirectly to any political party.

- The CSR activities which are exclusively for the benefit of the Company, employees or their family members shall not be considered as CSR activity.
- Sponsorship activities for deriving marketing benefits for products/services.
- Activities for fulfilling statutory obligations under any law in force in India

Preference To Be Given to Local Area

It is recommended but not mandatory that the Company gives preference to the local area or areas around it where it operates, for spending the amount earmarked for CSR activities

CSR COMMITTEE CONSTITUTION

The Company shall constitute a Corporate Social Responsibility Committee of the Board ("CSR Committee") consisting of 2 (two) or more Directors.

In future, if the Company qualifies under Section 149(4) of the Companies Act 2013 to appoint an independent director, then the CSR Committee shall have at least 3 (three) Directors, out of which at least one Director shall be an independent director.

As per Section 135 (9) of the Companies Act, 2013 the amount to be spent for CSR activities as provided in section 135 (5) does not exceed fifty lakh rupees hence there is no requirement for constitution of CSR Committee and the functions shall be discharged by the Board of Directors of company. The Board will form a committee as and when the amount to be spent exceeds Rs. 50 Lakhs.

Further, in the case of any ongoing project, if the company has an amount in its Unspent Corporate Social Responsibility Account as per sub-section (6) of Section 135, a CSR Committee shall be constituted, and the company will comply with the provisions outlined in sub-sections (2) to (6) of the said section.

ROLE OF THE BOARD

- Draft and approve CSR policy and shall indicate the activities to be undertaken by the company.
- Disclosing the content of the Policy in its report and place the Policy on the Company's website, if any, in such a manner as prescribed under the Act.
- Approve the amount of expenditure to be incurred on the activities mentioned in point no. (I).
- Ensuring that the Company spends, in every financial year, at least 2% of the average net profits of the Company made during the three immediately preceding financial years.
- Ensuring that funds disbursed on CSR activities have been utilised for the purposes and in the manner as approved by it.
- The Board shall pass a resolution in case it spends in excess of the requirement as per the act and company wants to set off that amount with succeeding years' CSR amount.
- Monitor the Corporate Social Responsibility Policy of the company from time to time.
- Review the progress of CSR projects already undertaken by the company and the utilization of budgets for each such projects.
- Review and approve any amendments to be made in the CSR policy of the Company.

- x. To carry such other functions as may be required relating to CSR activities of the company.

MANNER OF EXECUTION

The Board of Directors may allocate the Company's CSR expenditure through the following approaches:

Contribution to Funds Route: This allows the Company to contribute to various funds as specified in Schedule VII of the Companies Act, 2013.

Activities Route: This is a direct approach where the Company undertakes CSR projects or programs in alignment with Schedule VII of the Act, either independently or by engaging implementing agencies, as prescribed under the Companies (CSR Policy) Rules, 2014.

CSR BUDGET/ EXPENDITURE

CSR expenditure shall include all expenditure including contribution to corpus, or on projects or programs relating to CSR activities approved by the Board (on the recommendation of its CSR Committee, if applicable) but does not include any expenditure on an item not in conformity or not in line with activities which fall within the purview of Schedule VII of the Act.

The Board of the Company shall ensure that the company spends on CSR Activities (as specified by Committee, if applicable), in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy.

The overall amount to be committed to CSR will be approved by the Board as part of the Company's overall Annual Budget/Plan.

SURPLUS ARISING, IF ANY

Prior to end of Financial Year, the Board consider and approve, details of the Completed Projects (with Utilisation Certificates) and the surplus amount generated with reasons thereof. Any surplus arising out of CSR expenditure shall not form part of the business profit of the Company.

The Surplus amount shall be

- i. Ploughed back into the same project OR
- ii. transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the company OR
- iii. transferred to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

SET-OFF OF EXCESS

Any excess amount may be set off against the requirement to spend up to immediate succeeding 3 financial years subject to the conditions that:

- the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any
- the Board of the company shall pass a resolution to that effect.

TRANSFER OF UNSPENT CSR AMOUNT

1. If the company fails to spend the amount earmarked for CSR, the Board shall specify the reasons for not spending the amount in the Board report and, unless the unspent amount relates to any ongoing project referred to in point no. 2 herein below, transfer such unspent amount to a Fund specified in Schedule VII of the Companies Act, 2013, within a period of six months of the expiry of the financial year.
2. Any amount remaining unspent under sub-section (5) of Section 135, pursuant to any ongoing project, fulfilling such conditions as may be prescribed, undertaken by a company in pursuance of its Corporate Social Responsibility Policy, shall be transferred by the company within a period of thirty days from the end of the financial year to a special account to be opened by the company in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account and such amount shall be spent by the company in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of three financial years from the date of such transfer, failing which, the company shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year.

REPORTING REQUIREMENT

The Board Report of the respective financial year shall contain the Annual Report on CSR Activities including particulars specified in the Annexure -II (Format for the Annual Report on CSR activities to be included in the Board's Report for financial year commencing on or after the 1st day of April 2020) as prescribed under the Companies (Corporate Social Responsibility Policy) Rules, 2014.

DISCLOSURE REQUIREMENT

As per Rule 9 The Companies (Corporate Social Responsibility Policy) Rules, 2014 the Board of Directors of the Company shall mandatorily disclose the composition of the CSR Committee (if applicable), and CSR Policy and Projects approved by the Board on their website, if any, for public access.

AMENDMENT OF POLICY

The CSR Policy of the company may be amended at any time by the board of the company.