

Corporate Social Responsibility (CSR) Policy
Lendingkart Finance Limited

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1. INTRODUCTION

Lendingkart Finance Limited (Lendingkart) is committed to grow in a socially and environmentally responsible manner. Lendingkart's aim is to finance the Micro, Small and Medium Enterprises commensurate with the Company's commitment to serve those segments of the society which needs support for their upliftment and growth. Lendingkart's aim is to support the communities with services and skills that would help improve their standard and quality of living.

Thus, Lendingkart's Corporate Social Responsibility (CSR) initiative aims at having a long-term sustainable impact on the community. The CSR initiatives shall, however, not directly relate to (i) the business of the Company and (ii) welfare of its employees and their families and are independent of the normal conduct.

2. CSR VISION

Lendingkart's CSR Vision is to enable sustainable development and inclusive growth across communities through innovative socio-economic and environmental interventions, in fulfillment of its role as a socially responsible corporate citizen.

3. CSR OBJECTIVES

Lendingkart's CSR Initiative focuses on three keys aspects of the community's development- social, economic and healthcare. To achieve long- term sustainable impact on the community, Lendingkart's CSR objectives are:

a) Education:

- Identification of technical expertise for guidance and facilitation of programs.
- Skill development and capacity building initiatives.

b) Promotion and development of traditional art and handicrafts:

- Organizing of exhibitions for promotion and development of traditional art and handicrafts.

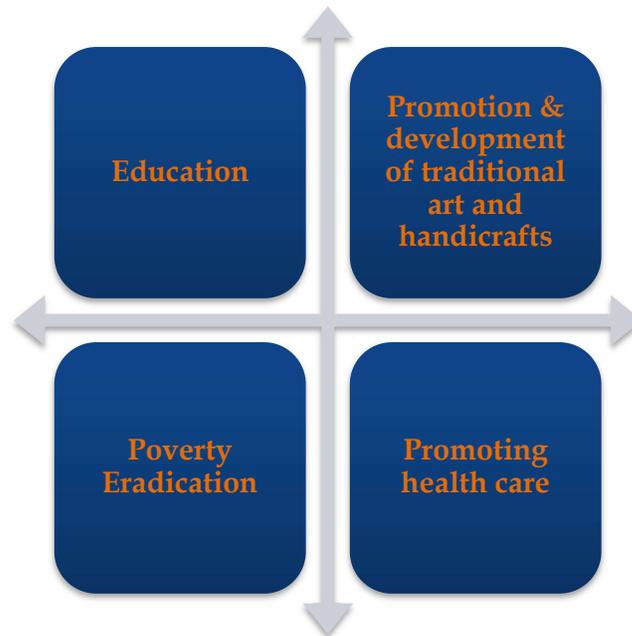
c) Poverty Eradication:

- Distribution of clothes and foods to poor.

d) Improve the social wellbeing of the community:

- Health awareness and intervention programs for community.
- Women- focused health interventions through awareness and implementation of programs enabling adoption of best health practices.
- Organizing blood donation camps.

4. CSR FOCUS AREAS



5. SCOPE

The CSR Policy (the “Policy”) shall be applicable to all CSR initiatives and activities undertaken by Lendingkart for the welfare and sustainable development benefit of different segments of the society at large.

This Policy is in line with the Section 135 of the Companies Act, 2013 (the “Act”) and the rules made thereunder. If the relevant provisions of the Companies Act, 2013 are amended, this Policy should be construed to have adopted such amendment from the effective date of such amendment.

The scope of the Policy has been kept as wide as possible, so as to allow Lendingkart to respond to different situations and challenges appropriately and flexibly, subject to the activities or subjects enumerated in Schedule VII of the Companies Act, 2013. However, no contribution will be made for any projects undertaken outside India.

6. CSR COMMITTEE

At Lendingkart, the CSR governance structure will be headed by a Board committee, the Corporate Social Responsibility Committee (the “Committee”), which will ultimately be responsible for overseeing all the CSR activities of the Company. The Committee will report to the Company’s Board of Directors.

RESPONSIBILITIES OF THE COMMITTEE: The responsibilities of the Committee have been codified in the Charter approved by the Board, which inter alia include the

following:

- a. Formulate and recommend to the Board, a CSR Policy, which shall indicate the activities to be undertaken by the company in the areas or subject, specified in Schedule VII of the Companies Act, 2013;
- b. Recommend the amount of expenditure to be incurred on the activities referred to in clause (a) during each financial year; and
- c. Approve and decide the areas where such CSR activities can be adopted subject to the terms and conditions or limits specified by any statutory authority, in this regard.
- d. Review/ratify/approve activities/projects/programs to be undertaken either directly or through implementing agencies and determine the amounts to be allocated for such activities/project/programs.
- e. Implement and monitor the CSR Policy, projects undertaken by the Company and update the Board the changes/recommendations to the CSR policy of the Company from time to time.
- f. Ensure transparent monitoring mechanism for implementation of the CSR projects or programs or activities.
- g. Approve CSR reports containing the disclosures as provided in Annual Report on CSR activities to be included in the Board's report.
- h. Ensure overall governance and compliance of CSR.
- i. To perform such other functions as may be delegated by the Board and/or mandated by any regulatory provisions from time to time.

7. GOVERNANCE STRUCTURE

The Committee shall oversee all the CSR activities of Lendingkart with support from the Lendingkart CSR team.

The Lendingkart CSR team would further be actively involved in implementation of projects in accordance with the guiding principles and general policies as devised by the Committee. The Lendingkart CSR team may implement the CSR projects in partnership with any eligible trust(s), NGO(s) or other organization(s) as recommended by the Committee, which has been discussed in Para 9 of this Policy.

The Lendingkart CSR team shall be responsible for implementing and monitoring the projects/activities undertaken by the Company and shall periodically report to the Committee regarding the progress of the activities/projects, as detailed in Para 10 of this Policy.

8. CSR BUDGET AND EXPENDITURE

a) BUDGET

The annual budget for Lendingkart's CSR initiative shall be recommended by the Committee and

approved by the Board of Directors of the Company. The allocation of funds to specific projects/ programs will be as recommended by the Committee to Board of Directors on the suggestions of the Lendingkart CSR team.

b) EXPENDITURE

All the CSR expenses shall be in accordance with section 135 and schedule VII of the the Act and notified rules.

Any direct and/or indirect expenses incurred by the Company in accordance to this Policy for projects or programs relating to CSR activities shall construe as CSR expenditure.

Any surplus in case it is generated from CSR projects shall not form part of the business profits of the company and shall be used towards the CSR activities. Accordingly, any income arising from CSR Programmes will be netted off from the CSR expenditure and such net amount will be reported as CSR expenditure.

If required under the Act, in any financial year in which the Company could not spend at least 2% of its average net profits of the three immediately preceding financial years., the Company shall unless the unspent amount relates to any ongoing project, transfer such unspent amount to a fund specified under Schedule VII of the Companies Act, 2013, within a period of six months of the expiry of the financial year.

Any amount remaining unspent pursuant to any ongoing CSR project, fulfilling such conditions as may be prescribed, undertaken by a company in pursuance of its Corporate Social Responsibility Policy, shall, if required under the Act, 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.

9. IMPLEMENTATION PROCESS

- a) Lendingkart's CSR projects and programs will be undertaken based on the recommendation of the Committee, which shall either be based on its own discretion, or based on suggestions of the Lendingkart CSR team.
- b) Lendingkart CSR programs may be implemented through eligible trust(s), NGO(s) or other organization(s) (hereinafter collectively referred to as "Specialised Agencies"), provided such Specialised Agencies are eligible for carrying out the CSR project. The Company may select its partners after appropriate due diligence and through a partner evaluation matrix.
- c) Employee volunteering in execution, monitoring and evaluation of CSR programs is one of the key pillars for Lendingkart implementation strategy.
- d) Lendingkart shall endeavour to build the CSR capacities of their employees as well as those of their implementing agencies, if required. However, expenditure on such capacity building (including expenditure on administrative overheads) shall not exceed five percent of the total CSR expenditure of Lendingkart in one financial year.

- e) The time period/duration of each program shall be suggested by the Lendingkart CSR team to the CSR Committee.
- f) The Company may enter into partnerships with the government, civil society, social enterprises and communities to create multiplier effect of its social projects.
- g) Baseline survey and needs assessment should be undertaken for all the new projects.

10. CARRYING OUT OF CSR ACTIVITIES THROUGH EXTERNAL SPECIALIZED AGENCIES

In case the Committee decides to execute a CSR project through an external Specialized Agency, the Lendingkart CSR team would adhere to the guiding principles for identifying the Specialized Agency as per the CSR Partner Evaluation Matrix that may be decided by the Committee:

- a) The Agency must be eligible for carrying the CSR Project and must have track record in carrying similar project for a period to the satisfaction of the Committee, but not less than 3 years. Subject to the above, any director of the Company may be associated/ affiliated as a trustee, governing body member or in any other manner with the Agency, provided that no personal benefit, directly or indirectly, should flow from such Agency to any such director.
- b) The Lendingkart CSR team will provide specific Project agenda, targets, target spending, accomplishments, manner of execution, etc. to the Specialized Agency and will further report to the CSR committee.
- c) The disbursement of funds to the Specialized Agency must be done on a progressive basis so as to align with the funding needs of the Project, and to permit the evaluation of the activity carried so far.
- d) The Agency must provide periodic reports, to Lendingkart CSR team which will further report to the CSR committee.

11. MONITORING & REPORTING

a) MONITORING & EVALUATION

The Committee shall institute a well-defined monitoring and evaluation mechanism through the Lendingkart CSR team to ensure that each CSR program fulfils the following:

- Clear objectives developed out of the societal needs that are determined through baseline studies and research.
- Clear targets, timelines and measurable parameters, wherever possible.
- A progress monitoring and reporting framework that is aligned with the requirements of the Act and the CSR Rules.
- The Lendingkart CSR team would have the responsibility of monitoring approved projects and funds disbursals for such projects. Monitoring mechanism would include visits, meeting and regular project status reports to the Committee.
- The Committee shall periodically monitor and evaluate the performance of the projects and achievement of targets including the spending thereon.
- Where the Committee has failed to spend the allocated amount or failed to meet the timeline for execution of its projects, the Committee shall furnish to the Board of Directors the reasons for the same.

b) REPORTING

The Lendingkart CSR team will share regular reports with the Committee on the CSR projects undertaken and will also ensure annual CSR reporting in the format recommended in the CSR rules as part of the Company's Annual Report, which will also be uploaded on the Company's website. .

12. AMENDMENT/MODIFICATION

Based on changing requirements of the target beneficiaries and modification(s) that may be necessary, the Committee may amend or modify this Policy from time to time, subject to approval of the Board.