

I. BACKDROP

NABKISAN Finance Limited (NKFL) (Formerly “Agri Development Finance (Tamilnadu) Limited”) is a subsidiary of National Bank for Agriculture and Rural Development (NABARD) and was incorporated on 14th February 1997 with the objective of carrying on the business of providing credit and other facilities to enterprises engaged in agriculture and allied activities and for promoting the social and economic welfare of the public in rural area, in the state of Tamilnadu. Subsequently, with the change in name, the operations were expanded to pan India basis with focus on financing Producer Organisations (POs).

NKFL meets the criteria for undertaking the mandatory CSR activities corresponding to the provisions specified in the Companies Act, 2013 coming to effect from April 01, 2016.

Accordingly, the detailed CSR Policy of the Company is hereby formulated and appended as under:

II.OBJECTIVE

The CSR policy aims to lay down norms to enable the Company to contribute to the society through the activities it envisages from time to time.

III. TITLE

The policy framed hereunder may be called as “NABKISAN Corporate Social Responsibility Policy”.

It shall come into force with effect from April 01, 2016.

IV.Definitions

1. “Act” means the Companies Act, 2013.
2. “Rules” means the Companies (Corporate Social Responsibility) Rules, 2014 and any modifications and /or re-enactment made thereof from time to time.
3. “CSR Policy” means a policy framed by the Company under the provisions of Section 135 of the Companies Act, 2013, the Companies (Corporate Social Responsibility) Rules, 2014, Schedule VII to the Companies Act, 2013 and any other applicable provisions of the Companies Act, 2013 and any modifications and /or re-enactment made thereof from time to time
4. “NABKISAN” means NABKISAN Finance Limited.
5. “The Company” / “Company” means NABKISAN.
6. “Board” means the Board of Directors of NABKISAN.
7. “CSR” / “Corporate Social Responsibility” means the projects or programs relating to activities undertaken by the Board of the Company in pursuance of recommendations of the CSR Committee of the Board as per declared CSR Policy of the Company.
8. “CSR Committee” means the Committee of the Board on CSR constituted under the provisions of Section 135 of the Companies Act, 2013 and includes any reconstitution thereof from time to time.
9. “Net Profit” means the net profit of the Company as per its financial statement prepared in accordance with the applicable provisions of the Companies Act, 2013.

V. CSR Activities

CSR activities taken up by the Company shall include the activity / activities amongst and relating to the list provided under the Companies Act or any relevant act / provisions as envisaged by the Government of India from time to time.

The activities according to Schedule VII of the Companies Act, 2013 are:

- (i) eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;
- (ii) promotion of 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;
- (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, Paralympic sports and Olympic sports;
- (viii) contribution to the 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) Contribution or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- (x) rural development projects.

VI. BROAD GUIDELINES FOR IMPLEMENTATION

- (a) The CSR committee shall have the power to sanction the proposals placed before them, within the overall CSR budget approved by the Board and those projects or programs should encompass only those activities specified in Schedule VII of Section 135 of the Companies Act, 2013.
- (b) The identified CSR activities will be implemented as per Section 135 of the Companies Act, 2013 and the rules framed thereunder.
- (c) Company shall give preference to the local areas and areas around which it operates.
- (d) The CSR expenditure would be on activities permitted under Section 135 read with Schedule VII of the Companies Act, 2013.
- (e) The company can collaborate with other companies for undertaking CSR activities.
- (f) Contributions to corpus of a trust /society / Section 8 companies, etc., will qualify as CSR expenditure as long as such entity is created exclusively for undertaking CSR activities or where corpus is created exclusively for a purpose directly relatable to a subject covered in Schedule VII of the Companies Act, 2013.

- (g) It will be ensured that CSR activities are beneficial to the community and benefits are available on long term basis.

VII. MONITORING MECHANISM

CSR Committee of the company will be responsible for the monitoring of various CSR projects or programs undertaken by the company directly or indirectly. The Committee shall ensure that:

- i. Company undertakes the CSR activities as provided in the CSR Policy.
- ii. The projects / programs are implemented as per the policy approved by the Board of Directors.
- iii. The budget allocated for each of the project is utilized for the projects as per the approved plans.
- iv. The objective of the project / program is achieved as per the plans.
- v. Wherever projects /programs are undertaken in partnership with one or more organisations, the part of the project undertaken by the company shall be distinguishable and necessary supporting documents in respect of the same shall be obtained from the other partners / implementing agency on an annual basis.
- vi. A quarterly report on implementation shall be submitted to the Board by the CSR Committee.
- vii. A summary report, on the implementation and impact of the projects funded during the previous financial year, to be placed before the committee on or before its last meeting of every financial year.

VIII. CSR REPORTING

The company shall report the details of CSR program or projects undertaken under its CSR Policy to the CSR Committee of the Board and thereafter for disseminating the same to the Members of the Company together with the Annual Report in the format prescribed in the Companies (CSR) Rules, 2014. Progress under CSR will be placed before the Board at regular intervals.

IX. CSR BUDGET

The fund for the CSR should be allocated based on at least two percent of the average net profits of the company made during the three immediately preceding financial years. The net profits shall be computed as per Section 198 of the Companies Act, 2013. In case the company could not spend the envisaged amount on CSR activities during the relevant financial year, the Board shall specify the reasons thereof in its Annual Report. The corpus would include (a) 2% of the average net profits, and (b) surplus arising out of CSR activities.

X. GENERAL

1. Any surplus arising out of the CSR projects/programs or activities shall not form part of the business profits of the company.
2. If it is observed that any CSR Activity taken up for implementation is found not properly implemented, the CSR Committee may, with approval of the Board, may

discontinue funding the project at any time during the course of implementation and use such funds for any other project.

3. The CSR Committee shall have the power to clarify any doubts or rectify any anomalies that may exist in connection with the effective execution of this CSR Policy.
4. The proposal so sanctioned by the committee can be disbursed by NABKISAN as per Policy on 'delegation of powers' approved by the Board from time to time.
5. MD & CEO shall be authorized to approve, on a case-to-case basis, any changes in the inter-se cost components within the overall sanctioned assistance subject to the condition that the variation is not more than 20% of the project amount and reasonable time overrun due to genuine reasons.
6. MD & CEO shall be authorized to approve, on a case-to-case basis, any extensions in time in implementing sanctioned proposals subject to the condition that the extension shall not be beyond 12 months from the proposed timelines mentioned in the proposal at the time of sanction.

XI. AMENDMENT

The CSR Committee is empowered to amend or modify the CSR Policy and such changes shall be placed before the Board for its approval. The Board may subject to compliance with applicable law, at any time approve or alter, amend or modify the CSR Policy, as it deems fit to comply with the statutory obligation to undertake the CSR Activities.

Any revisions in the relevant statutory/regulatory guidelines issued by Reserve Bank of India (RBI)/Government of India (GOI) or any other statutory/regulatory body, from time to time, shall be applicable under the policy

XII. INFORMATION DISSEMINATION

The company, after taking into account the approval of CSR Committee shall display the CSR activity of the company on its website. The company's engagement in CSR policy shall be disseminated on its website, annual reports and if required, through other communication channels.

The policy will remain in force till next revision.