

CSR Policy

A. Preface

VFS Capital, earlier Village Financial Services Ltd (VFS), is one of India's leading NBFC-MFIs based in the eastern part of the country, providing cutting-edge products and customer service to its member-base. VFS Capital lends to individual women who are part of a Joint Liability Group (JLG). The microfinance business of VFS Capital has helped many poor families by providing them credit for entrepreneurial activities that can make them economically self-sufficient. VFS Capital sensitizes women about empowerment issues and brings about a qualitative change in their lives and so the lives of their families.

VFS Capital prioritizes financial inclusion while offering a bouquet of financial products. It offers a complete range of financial and non-financial services such as loans and community- and institution-building support that help the poor become financially sustainable units.

B. Focus Areas

The Company constantly strives to maintain a strong corporate culture that emphasizes the integration of CSR values with business objectives. It pursues initiatives to eradicate hunger and poverty; promote preventive healthcare and make available safe drinking water; promote education, including special education, train women in vocational skills, promote gender equality, pursue programmes that empower women and build projects for environmental protection. The CSR activities of VFS Capital span five key areas and its goal here is to approach poverty reduction holistically and improve the quality of lives of the poor through social development projects.

- **Community infrastructure development projects**

These include minor constructions and renovations of bus stands (waiting sheds), public parks, schools and anganwadis or crèches, public toilets, water connections and public taps, public libraries, foot over-bridges, reconstruction/renovation of existing damaged infrastructure, etc.

- **Environmental projects**

Ensuring environmental sustainability, recharge pit for bore wells, solar lamps at public places (e.g. government hospitals), conservation of natural resources and maintaining quality of soil, air and water.

- **Public amenities, health and hygiene**

- Safe drinking water facility at public places (bus stands, schools, hospitals, etc.).
- Safety for public (fencing electric transformers, road signals).
- Public health and hygiene (supporting PHCs & maternity homes, cleaning public places, clearing garbage dumps, providing dust bins, improving drainage, area spraying for malaria, chikungunya, dengue, public awareness programmes etc).

- **Promoting education**

Providing facilities in schools and anganwadis, initiatives for girl-child education, merit scholarships for technical education.

- **Social welfare**

Relief programmes and facilities at orphanages, old-age homes, and for mentally- and physically-challenged people, etc.

Any other projects that are relevant and qualify as CSR activities under the Companies Act, 2013.

C. CSR committee

The Board of Directors of VFS Capital has formed a Corporate Social Responsibility Committee. The members of this committee are

1. Dr Sankar Datta (Independent Director) – Chairman
2. Dr Tapan Kumar Mukhopadhyay (Independent Director)
3. Dr Kuldip Maity (MD & CEO)

Responsibility of the CSR committee

- Formulate and recommend to the Board the activities to be undertaken [in areas or subjects specified in Schedule VII].
- Recommend the amount of expenditure to be incurred on the activities referred to in clause (a).
- Monitor the CSR Policy periodically.
- Institute a transparent monitoring mechanism for implementation of the CSR projects, programmes or activities.

CSR expenditure

CSR expenditure will include all expenditure, direct and indirect, incurred by the Company on CSR programmes taken up under its CSR Policy. The surplus cash arising out of the CSR projects, programmes or activities shall not form part of the Company's business profit and is netted off from the CSR expenditure and such net amount will be reported as CSR expenditure.

Sanctioning process

The Company shall prepare an action plan at the beginning of every financial year specifying the amount it is required to spend in that financial year as well as the tentative allocation of funds under different heads of activities, in line with the CSR policy and the relevant provisions of the Companies Act, 2013.

The action plan shall be placed before the CSR Committee and the Board of Directors for their approval.

D. Implementation process

VFS Capital will implement CSR activities via direct funding, registered trusts/organizations/agencies—either government or private—or in such other manner as it may deem appropriate, expedient and beneficial. The CSR projects, programmes, activities or expenditure will always be done in India. VFS Capital may also use the services of Village Foundation for Social Services or other NGOs/organizations for identifying, implementing and monitoring of projects, as and when required. The Company may also coordinate with the other group companies/associate companies to take a joint approach in CSR activities. However, in all such cases, it has to be ensured that each such joint project/module of projects may be specifically identified for each such group company/ associate company.

E. Monitoring process

The CSR committee will determine the monitoring process on a case-to-case basis depending upon the nature of the CSR activity and the manner of implementation. The CSR committee will also monitor the progress of identified CSR projects periodically.

F. Reporting and Display

CSR activities will form part of the Directors' Report of the company. The reporting would be in the format prescribed under the Companies Act, 2013, and the Rules under it. The board will review the CSR Policy annually and any modification/ amendment can be made only with its approval. The company's website shall have the annual report of CSR activities and the details of the CSR policy.

Last reviewed by the Board of Directors at its meeting on July 12, 2019.