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**SONATA FINANCE PVT LTD.-
CSR POLICY**

(As approved in CSR Committee meeting dated.././....)

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1.0- Introduction

Sonata Finance Pvt. Ltd (hereafter referred as “Sonata”) is a micro finance institution (MFIs) registered as Non Banking Financial institution (NBFC) under the Reserve Bank of India Section 45A replicating the original Grameen approach working with a vision to help and build a society that contains an opportunity to develop the minimal socio-economic conditions needed to live a life of dignity. Sonata has set itself a mission to "identify and motivate poor women in a cost-effective way and deliver them micro finance services in an honest, timely and efficient manner" and commits to be professionally managed, operationally sustainable and financially profitable.

Providing financial resources to enable poor women of rural, semi urban and urban communities to come out of poverty and get connected with formal financial institutions. Sonata's ambition is to ensure that at least 50% of people who enter the program cross the poverty line within 5 years of participation in the program.

2.0 -Preamble

The CSR activity through which the company defines its relationship with the common stakeholders and the community for the social and the environmental good. Its aim is to work towards the elimination of all barriers for the social inclusion of disadvantaged groups – such as the poor, socially backward and financially excluded group of the persons. The thrust of the CSR is also on the environment protection also. The company will give special preference to the local areas and areas where it operates for spending the amount that is earmarked by the CSR Committee.

The CSR policy will serve as a guiding document and help Sonata to identify, monitor and execute the CSR projects and keep it with spirit of this policy.

This policy will act as a self-regulating policy and will comply with all the provisions of Section 135 of the Companies Act, 2013.

3.0- Governance

All the activities and approval of the CSR policy will be the responsibility of the CSR Committee of the board. There will be a three-tier structure in the organisation.

The same will be administered by the central CSR department and executed by the operation team of Sonata.



3.1- CSR committee and its functions

The company will institute a CSR committee will be constituted in compliance to the provisions of the Section 135 of Companies Act,2013 read with Rule 5 of Companies (Corporate Social Responsibility Policy) Rules 2014 which gives certain relaxation to private and unlisted companies. Hence, the CSR Committee will comprise of two or three directors, out of which atleast one director preferably be an Independent Director.

The committee will have atleast three times a year. The functions of the committee will be as follows:

- (i) Formulate the CSR policy and goals and recommend the amount of expenditure to be incurred on the activities as mentioned in **Annexure -1**
- (ii) To monitor the CSR policy and performance.
- (iii) To review the CSR projects which are undertaken from time to time.
- (iv) To review the legal and regulatory provisions as prescribed for CSR.
- (v) To review the reporting and communication of the CSR activities to stakeholders.

3.2 -CSR Regional Office Team

The Central office team will undertake the following functions:

- (i) Implement the CSR policy.
- (ii) Identify the Key result areas and the performance indicators. Explore and recommend the proposals and the activities as described in Annexure-1 and establish a mechanism and strategy to engage employees and the operation team.
- (iii) To visit the options and areas and explore the genuine needs and submit the report to the committee.
- (iv)To design a work flow of the CSR initiative undertaken specifying the TAT and the budget of the activity and ensure that the same is done within the respective time period
- (v) Release the sanctioned fund.
- (vi) Monitoring of CSR projects to establish effectiveness of CSR efforts.
- (vii) Compilation of Information & Preparation of reports on CSR activities and maintain the record of the same and. presenting the same to the CSR Committee or any other authorities. This team will also ensure the compliance of the disclosure of activities in the Board's Report and web-site of the company.
- (viii) Organize Training programmes for CSR staff.
- (ix) Hiring or outsourcing expert team, if required for executing any CSR activity.
- (x) Any other activity necessary to ensure achievement CSR mission and also do media planning for the projects undertaken.
- (xi)To act as the knowledge leader and expert for CSR.
- (xii)To establish a mechanism and strategy to engage employees and motivate the same.

3.3- CSR Operations Team

The CSR Operation team will undertake the following functions:

- 1) Bring the plan in action and execute the activity at the bottom level.
- 2) Achieve the target and execute the CSR projects by identifying the projects assessment of the person, place and function with the support of the CSR central team.
- 3) Take initiative and implement the projects as targeted.
- 4) Own the CSR Programmes implemented and monitor effectiveness of CSR initiative delivery.
- 5) Report the activity to the CSR central team.
- 6) Any other work which may be assigned from time to time.

4.0- CSR Budget

The CSR budget should be as approved by the Board. The committee will propose the same after finalising the CSR activity plan. The committee is required to ensure that at least 2% of the average net profit of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy. In case the company fails to spend such amount, the CSR committee of the board shall be required to mention the reasons in the annual report of the company,

The average net profit will be calculated as per the Section 198 of the Companies Act,2013

5.0- CSR Projects and Programs

The list of the CSR projects and program which the company plans to undertake are specified in the Annexure 1 to the policy. Such programs must be regularly monitored and the surplus arising out of the CSR projects or program or activities shall not form the part of the business profits of the company.

6.0- CSR Expenditure

The CSR expenditure must be strictly in conformity of the projects and programs as mentioned in the Annexure -1 and should not relate to any other line of activities.

7.0- CSR Reporting

- a)The Board Report of the respective Financial year will contain the report in the prescribed format
- b) The Central team will maintain record of the CSR activity in the said prescribed format enclosed in **Annexure 2**
- c) Such CSR activities must be displayed in the website. The Central CSR team will ensure the same.
- d) Once, in every quarter we must also plan for the press conference or press release to be given in the news paper for publishing the same.

All such reporting will also be placed in the meeting of the CSR Committee.

CSR Audit

The internal audit team will submit the internal audit report about the fund utilisation and the progress of the activity initiated by the CSR team. They will also have to earmark the deviation between the work in progress for the initiative taken and submit the independent audit report in this regard.

Annexure-1 -List of approved projects and programs of CSR activities

1) Eradicating hunger ,poverty and malnutrition (promoting health care including the preventive health care) and sanitation and making available the safe drinking water;

Activities covered under this head may be:-

- a) Construction of toilets, health centres and dispensaries.
- b) Distribution of hygienic food on designated days.
- c) Sponsoring Food at schools.
- d) Establishing Hand pumps, water purifiers etc.
- e) Cleaning of the water storage and rivers, tube wells in the local areas to ensure that clean water is available for people.
- f) Health camps and free medicine distributions.
- g) Organising Blood donation camps and setting blood storage units.
- h) Facilitating for free ambulances.
- i) Any other activity which satisfies the criteria of point 1 mentioned as above.

2) Promoting education ,including special education and employment enhancing vocation skills especially among children, women, elderly and differently abled and livelihood enhancement projects ;

Activities covered under this head may be:-

- a) Child and women education programs.
- b) Adult education centres.
- c) Vocational and technical training programs for setting up small business and earn lively hood.
- d) Constructing and furnishing schools.
- e) Training programs for the farmer for the crop development and other scientific methods for irrigation and cultivation and creating market linkages for them.
- f) Setting up skill development centres.
- g) Setting weather reporting equipments in villages to facilitate the farmers for crop planning.
- h) Any other activity which satisfies the criteria of point 2 mentioned as above.

3) 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 citizen and measures for reducing inequalities faced socially and economically backward groups;

Activities which may be covered under this head are as follows:-

- i) Setting up old age homes.
- ii) Setting up orphanages.
- iii) Setting up working women hostel,day centres where they can leave their child and go.
- iv) Educating the women folk about their rights.

v) Any other activity which satisfies the criteria of point 3 mentioned as above.

4) Ensuring the environmental sustainability, ecological balance, protection of flora and fauna animal welfare, agroforestry ,conservation of natural resources and maintaining quality of soil, air and water

5) Protection of national heritage,art and culture including restoration of the buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art & handicraft

6) Measures for the benefit of armed forces ,veterans ,war widows and their dependants;

7) Training to promote the rural sports ,nationally recognised sports , paralympic and Olympic sports;

8) Contribution to the prime minister national relief fund or any other fund set up for the Central Government for socio-economic development and relief and welfare of scheduled caste ,the schedule tribes and the backward classes,minorities and women;

9)Contribution or funds provided to technology incubators located within the academic institutions which are approved by the Central Government;

10) Rural Development projects.

Annexure -2

Reporting Formats

a) Board report format(prescribed by Act) to be

1	2	3	4	5	6	7	8
S.No	CSR activity or project undertaken	Sector in which project covered	Projects or programs is 1) Local area or other 2) Specify the district where the projects or program was undertaken	Amount outlay (budget) project or program wise	Amount spent on projects or programs SUB HEADS A) Direct B) Overheads	Cumulative expenditure upto the reporting period	Amount spent (Direct/ through implementing agency)

B) Monthly Report (To be prepared by the CSR Central team)

Date	Nature of activity	Status of the project	Location	Name of internal team Of CSR Central team involved in project	Name of internal team Of CSR operation team involved in project	Outsourcing team involved in the project

C) Maintenance of the scrap book-for photographs : 5(five) photographs for each activity should be maintained(Both hard & Soft)

(mentioning Name, Place and persons)

D) Record of media clippings in register.