



MUTHOOT CAPITAL SERVICES LIMITED
(MCSL)

CIN: L67120KL1994PLC007726

CORPORATE SOCIAL RESPONSIBILITY POLICY

**(In compliance of Section 134 and 135 of Companies Act, 2013 and
Companies (Corporate Social Responsibility Policy) Rules 2014)**

Prepared By

Presented By

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**This Policy was approved by the Board of Directors at the meeting held on 02nd September, 2014 and reviewed
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1. OVERVIEW

1.1 INTRODUCTION TO MUTHOOT CAPITAL SERVICES LIMITED

Muthoot Capital Services Limited (MCSL) promoted by the Muthoot Pappachan Group (MPG) is a Non-Banking Financial Company (NBFC) registered with the Reserve Bank of India and listed on the BSE Limited and National Stock Exchange of India Limited.

1.2 POLICY APPLICABILITY

As per Section 135 of the Companies Act, 2013 and rules made thereunder, every Company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility (CSR) Committee.

The CSR Committee shall formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII.

1.3 POLICY OBJECTIVES

This policy, which reflects the Company's philosophy and mission is designed to portray its commitment to be a responsible corporate citizen and presents the strategies and methods for undertaking social programs for well-being and sustainable development of the local community in which it operates.

This policy applies to all CSR initiatives and activities taken up at the various work centers and locations of MCSL, for the benefit of various segments of the society, with the emphasis on the under privileged.

The objectives of CSR Policy of the Company are to:

- a) build a framework of CSR activities with a philanthropic approach in line with business unit objectives, which also benefits the organization at large;
- b) shape sustainability for the organization by 'Engaging the Community';
- c) build a corporate brand through CSR; and
- d) for other stakeholders, make it "an integral part of the Company's DNA, so much so that it has to be an organic part of the business".

1.4 IMPLEMENTATION OF CSR ACTIVITIES/PROJECTS

Each CSR activity/project of the Company to be undertaken/executed either directly by the Company or channelized through implementing agencies.

Muthoot Pappachan Foundation (MPF), a Public Charitable Trust formed in the year 2003 as the CSR arm of the Muthoot Pappachan Group to facilitate CSR activities for the entire Group and all its business verticals shall be the major implementing agency.

Planning and implementing various CSR activities shall be in line with the established objectives of the Company and its CSR Policy.

The main CSR objective of the Company is to support the poor, needy and deserved in their medical emergencies.

Focusing on the main objective CSR activities could also be facilitated through MPF. The CSR programs of MPF are bound by the theme “**HEEL**”:

Health,
Education,
Environment and
Livelihood.

Aligning with its vision, MCSL will continue increasing value creation in the community in which it operates, through its services and CSR initiatives planned and implemented, so as to stimulate well-being for the community, in fulfillment of its role as a responsible, corporate citizen.

The over-arching framework of CSR activities will guarantee full compliance with the CSR requirements mandated by the new Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The planning and execution of various CSR activities and projects shall involve, to the extent possible, the participation of staff members and customers of the Company.

2. PLANNING

2.1 IDENTIFICATION OF FOCUS AREAS AND STRATEGIC INITIATIVES

The main focus area of the CSR initiatives is providing timely and effective medical service or support or relief to the needy. The whole mechanism shall be designed and executed in line with this policy to ensure complete effectiveness and transparency.

More focus must be to extent support in case of critical illness that will have an effect of damaging the entire family as a unit.

The CSR support shall be given through a system and process involving the concerned hospitals and the doctors who provide or will be providing the medical services to the person.

The CSR efforts of MCSL will also be facilitated through MPF which are bound by the theme - “**HEEL**” and are identified as follows:

- a) **Health** : Life Blood Directory, Outreach Camps, Smile Please, PMR Centre
- b) **Education** : Community Education Scheme, Scholarships, Financial Literacy
- c) **Environment** : Green Strategy
- d) **Livelihood** : Grant-making, Skill development

2.2 STRATEGIC CSR ACTIVITIES WITH OBJECTIVES

1. Health:

a) Medical Relief:

- (i) Support to poor patients of critical illness;
- (ii) Support to patients where surgical interventions are inevitable and the same appears to be not affordable to them;
- (iii) Medical support to the victims and affected of natural calamities, accidents etc.;
- (iv) Main focus shall be to support the earning member of the family; and
- (v) Objective is to reinstate the confidence of the family to live their normal and dignified life.

b) Life Blood Directory objectives:

- (i) Establishing the largest blood donor directory in India through MCSL's staff network of customers, public interface and extensive reach across India;
- (ii) Raise awareness around the importance of donating blood thus increasing the number of Indian donors throughout the country; and
- (iii) Liaise and support reputable NGOs engaged in the collection and storage of blood and as a result, improve the Blood Donation Infrastructure in the country.

c) Outreach camps objectives:

- (i) Making a positive difference in human lives by providing medical help at the door-step of the rural and urban poor in the communities in which the Muthoot Pappachan Group operates;
- (ii) Making health care services available in underserved areas; and
- (iii) Assisting and encouraging local volunteers to conduct the medical camp and provide medical help.

2. Education:

- a) Providing Financial Literacy to the unorganized sector of the society;
- b) Educating budding women entrepreneurs and start-ups; and
- c) Provide transformative and skill development training.

3. Environment:

- a) Continue adhering to Green Strategy;
- b) Reducing the ecological impact of internal processes and activities; and
- c) Promoting environmentally conscious behaviours both inside and outside the Company.

4. **Livelihood:**

- a) Grant-making;
- b) Addressing social issues related to sports, arts and culture, social entrepreneurship, etc.;
- c) Provide skill development training so as to find their own livelihood.

Regarding the environment, MCSL will support **3 UN Global Compact's Principles** related to the environment as below:

- a) **Principle 7:** Businesses should support a precautionary approach to environmental challenges;
- b) **Principle 8:** undertake initiatives to promote greater environmental responsibility; and
- c) **Principle 9:** encourage the development and diffusion of environmentally friendly technologies.

MCSL will apply its CSR activities in a way that also contributes to India's progress towards achieving the millennium development goals by skills improvement, entrepreneurship development, employment generation, health care improvement and application of environmental by sustainable growth.

3. **IMPLEMENTATION**

The above described CSR activities will be implemented by MCSL either directly or through MPF and other implementing agencies and in collaboration with other non-profit organisations.

The duration of any project or program will be related to the nature of that project or program and their impact on the society.

It is to be ensured that the CSR programs of MCSL, will be executed in the areas where the Company has business presence.

The programs will be implemented in collaboration with specialised organisations which include, but are not limited to MPF, Indian Medical Association, Red Cross, Aashiana Trust, Marion School, Magic Bus, Smile Please, Rajagiri, and partnering hospitals.

3.1 **PROCESS OF IMPLEMENTATION:**

- 1. **Map existing eco system:** Thorough evaluation of the existing scenario in which the Company operates. This step is crucial in order to assess the existing potential and find relevant partners to collaborate with in line with this revised CSR Policy.
- 2. **Create:** Designing programs, selecting partners and empaneling them.
- 3. **Enable:** Commencing collaboration with the selected actors, investing the resources needed to shift from the planning to the action phase.
- 4. **Process:** The following process shall be adopted in implementing a project or undertaking a CSR activity:
 - a) The application for a medical support shall be received from any of the following:

- (i) From the person seeking support
 - (ii) From any of his family members
 - (iii) From any partnering organization
 - (iv) From a staff member
- b) Immediately on receipt of application, the Company or MPF or any partnering organization shall conduct ground level enquiry and verification to identify the genuineness of the case, the urgency of the matter, opinion of doctors, details of the treatment required with estimated cost, financial position of the family and any other relevant details.
 - c) On the basis of the above ground level verification and report, immediate liaison to be done with the partnering organization/hospital.
 - d) Medical support to be directly given to the hospitals towards the cost of treatment/surgery etc. and not to the patient or his family members. In cases where direct payment hospitals are not possible, possible alternate method for providing support will be taken.
 - e) The staff volunteers to monitor the progress of treatment, make visits to the family/hospitals at logical intervals and instill confidence in the mind of the patient and family members. The same shall be continued even after the treatment to observe the adherence by the patient of his prescribed medication and diet.
 - f) Proper documentary evidences to be collected for all transactions.

3.2 POWERS FOR APPROVAL

CSR programmes for each financial year as may be identified by the Company will be considered, reviewed by the CSR Committee and recommend to the Board for approval. After Board's approval the CSR programme shall be implemented. Any change in such programme shall be approved by the Board.

For meeting the requirements arising out of immediate and urgent situations, MCSL's CSR Committee is authorised to approve the proposals in terms of the powers accorded to the Committee by the provisions of the Companies Act, 2013.

3.3 CRITERIA FOR IDENTIFYING IMPLEMENTING ORGANISATIONS

The Company either directly or through MPF to identify other external executing organisations that will implement the CSR programs. Each executing organisation (NGOs/Voluntary organisations) needs to fulfill the following requirements:

- a) has been in existence for a minimum period of 3 years from date of registration;
- b) is registered as a Trust/Society/Section 8 (Charitable) Company;
- c) the physical address given by the organisation is verifiable.
- d) possesses a valid Income Tax exemption certificate;
- e) the antecedents of the NGO/Organisation are verifiable/subject to confirmation;

- f) has sufficient infrastructure facilities like office, e-mail etc. and necessary resources to implement the projects;
- g) has prior experience in service activities in the areas of health, education, etc.;
- h) located in the area of planned activities with local knowledge; and
- i) has articulated shared vision/purpose beyond the registration documents.

After the approval of the CSR programs, the Company/MPF and the NGO/Organisation will be required to enter into a formal written agreement with each other.

4. MONITORING AND FEEDBACK

The comprehensive monitoring mechanism that has been followed so far shall continue to ensure that the CSR process functions as mandated by the Act and the Rules, ensuring that all Projects/ Programmes are duly implemented as budgeted.

The following forms the basis of the monitoring mechanism:

- i) Allocation of a separate budget for setting up and running the monitoring system;
- ii) Installation of an electronic MIS and human architecture that shall work together to ensure a firm check on spends and the actual implementation of activities as planned; and
- iii) Release of funds only against verified utilizations.

The CSR Committee will be responsible for monitoring approved projects/programmes.

The monitoring system will include:

- i) Regular field visits to project/programme sites by designated teams;
- ii) Comprehensive documentation/compilation of field reports;
- iii) Regular interaction with beneficiary communities to obtain feedback;
- iv) Monitoring of timely fund utilization to ensure that projects/programmes as budgeted are actually being carried out and/or; and
- v) Any other activity that the CSR Committee may deem necessary in the larger initiatives.

MPF will conduct impact studies on a regular basis, especially on the “flagship programs”. MPF will communicate with the beneficiaries in order to obtain feedback about the programs. The CSR programs and their impact will also be reported in the Annual Report of MCSL.

4.1 IMPACT ASSESSMENT/EVALUATION OF CSR

In order to assess the impact of its CSR projects and programmes, maximize outcomes and build-in sustainability, scalability and replicability, MCSL shall undertake the following activities:

- i) Ensure that the projects/programmes undergo concurrent and final evaluation; and

- ii) Engage credible third parties to undertake evaluation of all or selected projects/programmes.

4.2 DOCUMENTATION

Meticulous documentation of projects/programmes is the only way to ensure that progress is continuously tracked, course corrections are provided, lessons learnt and objective feedback received.

Good quality documentation enables MCSL to effectively address questions and queries and also to prepare instructive and good quality case studies.

Keeping this end in sight, MCSL will endeavor at all times to put in place, for all projects/programmes, an effective documentation process.

Comprehensive documentation will include printed materials, audio recordings, video recordings, etc. This will also be of great value to MCSL in brand building, market positioning, enhancing its competitive advantage and embedding CSR values within the organization.

5. GOVERNANCE

A meaningful engagement of the Board of Directors and Management in CSR will be ensured so that MCSL's Leadership recognizes the Company's social concerns and the strategic value of its CSR initiatives.

5.1 BOARD & CSR ENGAGEMENT

The MCSL's Board of Directors consists of the following Members:

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|----|---------------------------|---|----------------------|
| 1. | Mr. Thomas John Muthoot | : | Chairman |
| 2. | Mr. Thomas George Muthoot | : | Managing Director |
| 3. | Mr. Thomas Muthoot | : | Director |
| 4. | Mr. A P Kurian | : | Independent Director |
| 5. | Mr. R.K Nair | : | Independent Director |
| 6. | Mrs. Radha Unni | : | Independent Director |

The MCSL's Board of Directors is committed to assume the following roles:

- a) Approving the CSR policy recommended by the CSR Committee;
- b) Disclosing the CSR policy contents in the Board Report;
- c) Making the CSR Policy public on the Company website; and
- d) Deploying the funds to NGOs/Organisations.

5.2 CSR COMMITTEE

The MCSL's CSR Committee consists of the following 3 Members:

1. Mr. Thomas Muthoot : Chairman
2. Mr. R.K Nair : Member
3. Mrs. Radha Unni : Member

The terms of reference of the Committee are as under:

- i) Formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- ii) Recommend to the Board the amount of expenditure to be incurred on the CSR activities referred to in (i) above; and
- iii) Monitor the CSR policy of the Company from time to time.

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