

DOCUMENT CONTROL

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CHANGES MADE IN THE CURRENT VERSION SINCE THE LAST APPROVED POLICY

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1. INTRODUCTION

This Corporate Social Responsibility Policy (“the CSR Policy”) has been framed by Satin Finserv Limited (SFL/the Company) in accordance with the requirement of Section 135 of the Companies Act, 2013 and the applicable Companies (Corporate Social Responsibility Policy) Rules, 2014 (hereinafter referred to as CSR Rules), as amended from time to time. Unless the context otherwise requires, the definitions mentioned in CSR Rules and Companies Act 2013, shall apply to this CSR Policy.

As per Section 135 (1) of the Companies Act, 2013, 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 the immediately preceding financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director. Provided that where a company is not required to appoint an independent director under sub-section (4) of section 149, it shall have in its Corporate Social Responsibility Committee two or more directors.

Provided, as per Section 135 (9) where the amount to be spent by a company under sub-section (5) does not exceed fifty lakh rupees, the requirement under sub-section (1) for constitution of the Corporate Social Responsibility Committee shall not be applicable and the functions of such Committee provided under this section shall, in such cases, be discharged by the Board of Directors of such company.

Provided further, as per Section 135 (5) of the Companies Act, 2013, the Board of every company referred to in sub-section (1), shall ensure that the company spends, in every financial year, at least two percent of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy. Also provided that the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities.

SFL is committed to improve the lives of the society in which it operates. The Company believes in “looking beyond business” and strives to create a positive impact on the communities it serves and on the environment. The Company is committed not just to profits, but also towards leaving a deeper imprint on the society as a whole. SFL understands that there is a need to strike a balance between the overall objectives of achieving corporate excellence vis-à-vis the company’s responsibilities towards the community.

SFL has framed its CSR policy and considers it as a strategic tool for sustainable growth wherein, CSR means not only investment of funds for social activity but also integration of business processes with social benefit.

In the aforesaid backdrop, policy on Corporate Social Responsibility of SFL is broadly framed taking into account the following measures:

- Welfare measures for the community at large, so as to ensure the poorer section of the society derive the maximum benefits.
- Contribution to the society at large by way of social and cultural development, imparting education, training and social awareness especially with regard to the economically backward class for their development and generation of income -
- Protection and safeguarding of the environment and maintenance of ecological balance.

The CSR policy would form the framework around which the CSR activities would be undertaken.

2. AREAS AS TO BE COVERED AND SCOPE OF CSR

The primary beneficiaries of CSR should be the poor and needy section of society living in different parts of the country. Further, all the activities mentioned in the SCHEDULE VII of the Companies Act, 2013, including any statutory modification or re-enactment thereof from time to time are included by SFL in its Corporate Social Responsibility Policy but shall not include the following:

- i. Activities undertaken in pursuance of normal course of business of the Company;
- ii. Any activity undertaken by the Company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;
- iii. Contribution of any amount directly or indirectly to any political party under section 182 of the Act;
- iv. Activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);
- v. Activities supported by the company on sponsorship basis for deriving marketing benefits for its products or services;
- vi. Activities carried out for fulfilment of any other statutory obligations under any law in force in India; and
- vii. Any other activity prescribed by authority in future for exclusion.

3. OBJECTIVE

The objective of the policy is to actively contribute to the social, environmental and economic development of the society in which SFL operates.

4. CSR IMPLEMENTATION

- a) The investment in CSR should be project based.
- b) Project activities identified under CSR are to be implemented by specialized agencies. Specialized agencies could be made to work singly or in tandem with other agencies.
- c) The Board shall ensure that the CSR activities are undertaken by the Company itself or through:
 - i. A company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company; or
 - ii. A company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or
 - iii. Any entity established under an Act of Parliament or a State legislature; or
 - iv. A company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

For the purpose of clause (c), the term “entity” shall mean a statutory body constituted under an Act of Parliament or State legislature to undertake activities covered in Schedule VII of the Act.

- d) Provided that, every entity covered under point (c) above, shall be registered with Central Government, as mentioned in the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2020, as amended from time to time.
- e) The Company may engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as well as for capacity building of their own personnel for CSR.
- f) The Company may also collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR committees or board of respective companies are in a position to report separately on such projects or programmes in accordance with the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2020, as amended from time to time.

5. BOARD OF DIRECTOR (BOARD)

The Board of SFL shall satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to this effect.

In case of ongoing project, the Board shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.

6. CSR COMMITTEE

If required, CSR Committee can be constituted in accordance with the provisions of the Companies Act, 2013. In that case, Company Secretary shall be the secretary to the Committee, and the CSR Committee may invite other experts/ invitees as per its requirements.

If constituted, CSR Committee shall formulate and recommend to the Board, otherwise Board shall prepare an annual action plan in pursuance of its CSR policy, which shall include the following, namely:

- a) The list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Companies Act, 2013;
- b) The manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4 of The Companies (Corporate Social Responsibility Policy) Rules, 2014;
- c) The modalities of utilisation of funds and implementation schedules for the projects or programmes;
- d) Monitoring and reporting mechanism for the projects or programmes; and
- e) Details of need and impact assessment, if any, for the projects undertaken by the Company:

Provided Committee can recommend to the Board alteration in the annual action plan based on the reasonable justification to that effect.

Any official of the Company can be nominated by Board / CSR Committee to act as Nodal Officer for CSR activities and all connected matters relating to CSR compliances. Project proposal for any CSR activity shall be examined by the Nodal Officer (as designated from time to time) and the proposal shall be submitted for recommendations to the CSR committee.

Implementation of this policy will be monitored and reviewed periodically by the CSR committee. The CSR Committee will review the policy's effectiveness and implementation on a regular basis and report relevant findings and recommendations to the Board.

The monitoring exercise shall include, inter alia, periodic monitoring of the utilization of funds allocated for CSR activities and impact assessments in case of major projects via an impact study or evaluation by external agencies.

For major projects, wherever possible, the funds shall be disbursed on the basis of milestones achieved, i.e. the progress of work.

7. CSR EXPENDITURE

The Board shall approve the allocation of CSR expenditure on CSR activities and, to the extent possible, shall give priority to local areas wherever the Company has its operations.

8. TREATMENT OF UNSPENT AMOUNT

Any amount remaining unspent, fulfilling such conditions as may be prescribed, shall be transferred and treated as per the manner prescribed under the Companies Act, 2013 and the Rule made thereunder, as amended from time to time.

If there is any unspent amount in the CSR Account as per sub-section (6) of section 135, the Company shall constitute a CSR Committee and comply with all the provisions specified under the Companies Act, 2013 and the rules made thereunder

9. DOCUMENTATION

The documents relating to CSR activities shall be maintained for the period as prescribed under applicable laws.

10. REPORTING AND DISCLOSURES

1. Periodical reports on CSR Activities should be sent by Nodal Officer to CSR committee/Board highlighting the cumulative spending and outcomes of the program specific details.
2. The Company shall disclose in the Annual Report on the implementation of CSR activities/project including the facts relating to physical and financial progress.
3. The Board's Report, pertaining to any financial year shall also include an annual report on CSR containing particulars as may be prescribed from time to time under the Act and the Rules made thereunder, as amended from time to time.
4. The Board will be responsible for ensuring that the statutory requirements as may be prescribed from time to time under the Act and the CSR Rules are complied with.
5. - The composition of the CSR Committee, the CSR Policy, and the CSR projects approved by the Board shall be disclosed on the Company's website

11. GENERAL

1. The administrative overheads shall not exceed five percent of total CSR expenditure of the Company for the financial year.
2. Any surplus arising out of the CSR activities shall not form part of the business profit of a Company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and the annual action plan of the company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of expiry of financial year.
3. An amount spent in excess of requirement provided under sub-section (5) of section 135 of the Companies Act, 2013, such excess amount may be set off against the requirement to spend under sub-section (5) of section 135 up to immediate succeeding three financial years' subject to the conditions as mentioned in the Companies Act or any other applicable law, as amended from time to time
4. 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, discontinue funding the project at any time during the course of implementation and use such funds for any other project.
5. 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.

12. PENALTY

If the Company is unable to spend and transfer the unspent CSR amount, the Company and every officer who is in default shall be liable to a penalty as may be prescribed under the Companies Act, 2013 and the Rules made thereunder, as amended from time to time.

13. AMENDMENT AND REVIEW OF POLICY

The CSR Committee or any Director, Chief Financial Officer or Company Secretary & Chief Compliance Officer of the Company are severally authorized to amend and recommend the CSR Policy to the Board for their approval. The Board may subject to compliance with applicable law, at any time amend or authorize any official of the Company to amend the CSR Policy, as it deems fit to comply with the statutory obligation to undertake the CSR Activities.

The Policy shall be reviewed annually by the Board of Directors or more frequently as may be required.

14. EFFECTIVE DATE

This policy is effective from the date of approval of the Board of Directors of the Company.