

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

INTRODUCTION

Philosophy and Objective

Corporate Social Responsibility (CSR) is the type of social responsibility integrated into a business model. CSR goes beyond compliance and engages in actions that appear to further some social good, beyond the interests of the firm and that which is required by law. CSR is a process with the aim to embrace responsibility for the Company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere who may also be considered as stakeholders.

The Company is committed to economic, social, environmental and cultural growth of the underprivileged in an equitable and sustainable manner in the peripheral areas around its corporate office and branch offices. All CSR projects will be in line with the CSR vision, as well as areas listed in Schedule VII of the Companies Act, 2013. It will not include the activities undertaken in pursuance of normal course of business of the Company, projects benefitting the employees of the Company (as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019) and as amended from time to time), or contributions of any amount directly or indirectly to any political party. The CSR activities will not include activities supported on sponsorship basis for deriving marketing benefits for its products or services or activities carried out for fulfilment of any other statutory obligations under any law in force in India.

This Policy has been formulated and adopted by the Board of Directors at its meeting held on 9th February 2023. The terms, rules and regulations mentioned in this policy are as per Companies Act, 2013 and rules made thereunder. The Board may amend or modify this CSR Policy as and when necessary.

DEFINITIONS

- a) 'Board of Directors' or 'Board', in relation to a Company means the collective body of the directors of the Company.
- b) 'Corporate Social Responsibility' or 'CSR' means and includes but is not limited to: -
 - i) Projects or programs relating to activities specified in Schedule VII to the Companies Act, 2013; or
 - ii) Projects or programs relating to activities undertaken by the Company upon the recommendations and approval by the Board as per this policy.
- c) 'CSR Committee' means Corporate Social Responsibility Committee constituted by the Board pursuant to section 135 of the Companies Act, 2013.
- d) 'Company' means SMIFS Limited.
- e) '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.

Words and expressions used in this Policy and not defined herein but defined under the Companies Act, 2013 shall have the meanings respectively assigned to them therein.

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CSR MAINSTAY

CSR activities of SMIFS Limited shall be carried out directly by the Company or through any other Implementing Agency as approved by the Board for fulfilling its responsibilities towards various Stakeholders.

CSR ACTIVITIES

The scope of CSR activities of the Company will cover the following areas but not limited to the same and may extend to other specific projects/programs as permitted under law from time to time.

The Company may undertake any of the following activities as its CSR activities:

- i) Eradicating hunger, poverty, and malnutrition, promoting preventive health care and sanitation, and making available safe drinking water;
- ii) Promoting education, including special education and employment enhancing vocational 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, daycare centres, and 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;

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- 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) Contributions or funds provided to technology incubators located within academic institutions that are approved by the Central Government; x) Rural development projects;
- xi) Such other matters as may be prescribed under applicable statute; xii) Such other activity as may be thought fit and approved by the Board.

CONSTITUTION OF CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

As per the Companies (Amendment) Act, 2020, the functions of the Corporate Social Responsibility Committee may be discharged by the Board of Directors of such Company where the amount to be spent as CSR Expenditure by a Company does not exceed fifty lakh rupees, hence the requirement for constitution of the Corporate Social Responsibility Committee is not applicable/mandatory upon the Company at present.

However, the Board shall constitute a CSR committee according to Section 135 of the Companies Act, 2013, as and when it becomes applicable to the Company.

AMOUNT OF EXPENDITURE TO BE INCURRED ON CSR ACTIVITIES

As mandated under Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility) Rules, 2014, expenditure on CSR activities in any financial year shall not be less than 2% of the average net profits of the Company made during the three immediately preceding financial years. For this purpose, the net profit and average net profit shall be calculated in accordance with the provisions of section 198 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The Budget of the CSR activities to be carried on by the Company shall be placed before the Board for their requisite approval.

The surplus arising out of the CSR activities will not be considered as a part of the business profits of the Company and shall be plowed back into the same project, or shall be transferred to the unspent CSR Account and it should be spent in pursuance of this CSR policy and annual action plan of the Company, or the Company may transfer such surplus amount to a Fund specified in Schedule VII of the Act, within a period of six months of the expiry of the financial year.

Any unspent amount, other than unspent amount relating to an ongoing project, will be transferred to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year. Further, unspent CSR funds of ongoing projects will be transferred within a period of 30 days from the end of the financial year to a special account opened by the Company in any scheduled bank called the "Unspent Corporate Social Responsibility Account". Such amount shall be spent by the Company towards CSR within a period of 3 financial years from the date of such transfer, failing which, the Company shall transfer the same to a Fund specified in Schedule VII, within a period of 30 days from the date of completion of the third financial year.

IMPLEMENTATION PROCESS CSR activities may be carried on by the Company through other societies, trusts, hospitals, funds, or organizations engaged in activities specified in Schedule VII of the said act, subject to approval by the Board in accordance with the provisions of the said act and the CSR Rules. These organizations would need to be registered under sections 12A and 80G of the Income Tax Act, 1961 (43 of 1961). The above entities shall register with the Central Government by filing the form CSR-1 electronically with the Registrar.

MONITORING OF THE CSR POLICY

It will be the responsibility of the Board to monitor periodically the implementation of the projects/ programmes/ activities under this CSR policy and to ensure compliance of the provisions related to CSR mentioned in the Companies Act, 2013 and rules made there under from time to time.

The progress of CSR initiatives and activities will be reported to the Board on a regular basis.

The Company will continue to monitor project implementation and performance of the implementing agency/(ies) on periodic basis via field visits or review calls, as the case may be

The Company to ensure that the implementing agencies submits project related budgets, details of expenses, Utilisation of funds allocated etc.

ROLE OF BOARD

The role and responsibility of the Board shall include:

- Approval of CSR policy.
- Reporting in the Board's Report brief outline of this CSR policy including an overview of projects or programs, the constitution of the CSR Committee, average net profits of the Company for the last three financial years, and prescribed CSR expenditure as required under the Companies Act, 2013, and rules made thereunder along with

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- i) the total amount spent on CSR activities in the financial year and
- ii) the amount unspent, if any.
- Ensure that the contents of the CSR policy are displayed on www.smifs.com, i.e. website of the Company in the manner prescribed under the applicable statute, for the information of all stakeholders.
- Review of the CSR Annual Action Plan at regular intervals.
- Ensure that the CSR activities are undertaken and executed by the Company as per this CSR Policy and the applicable laws.
- Specify in the Board's report, the reasons, why the required amount is not fully spent on CSR activities.

CSR ANNUAL ACTION PLAN

The CSR Annual Action Plan shall include the following: -

- (a) the list of CSR projects or programs that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act,
- (b) the manner of execution of such projects or programmes
- (c) the modalities of utilization of funds and implementation schedules for the projects or programs
- (d) monitoring and reporting mechanisms for the projects or programs,
- (e) details of need and impact assessment, if required for the projects undertaken by the Company,
- (f) It will be the responsibility of the Board to monitor periodically the implementation of the projects/ programmes/ activities under this CSR policy and to ensure compliance of the provisions related to CSR mentioned in the Companies Act, 2013 and rules made there under from time to time,
- (g) The progress of CSR initiatives and activities will be reported to the Board on a regular basis
- (h) The allocated budgets for each of the projects shall be tentative based on projections, the actual spending may vary and will be subject to approval of the Board.

DECLARATION

The Board of the Company hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company. The Board may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and for better implementation to this Policy, if it thinks necessary. This Policy shall be amended or substituted by the Board from time to time, or in case as required and recommended to the Board for its approval.

ANNUAL REPORT ON CSR ACTIVITIES

BRIEF OUTLINE OF THE COMPANY'S CSR POLICY, INCLUDING OVERVIEW OF PROJECTS OR PROGRAMS PROPOSED TO BE UNDERTAKEN

The Corporate Social Responsibility (CSR) Policy of SMIFS Limited (hereby referred to as the 'Company') has been framed in compliance with the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility) Rules, 2014 (hereby collectively referred to as the 'Act') notified by the Ministry of Corporate Affairs, Government of India.

The CSR vision of the Company is to build relationships of trust with the society, stakeholders as good corporate citizens and to contribute to developing a sustainable society for future generations.

The CSR policy which has been approved by the Board in its meeting held on 9th February 2023 enumerates that CSR activities at the Company shall be carried out directly by the Company or through any other Implementing Agency as approved by the Board for fulfilling its responsibilities towards various Stakeholders. The CSR Policy has been duly displayed on www.smifs.com, i.e. website of the Company in the manner prescribed under the applicable statute, for information of all stakeholders.

CONSTITUTION OF CSR COMMITTEE

As per the Companies (Amendment) Act, 2020, the functions of the Corporate Social Responsibility Committee may be discharged by the Board of Directors of such Company where the amount to be spent as CSR Expenditure by a Company does not exceed fifty lakh rupees, hence the requirement for constitution of the Corporate Social Responsibility Committee is not applicable/mandatory upon the Company at present.

However, the Board shall constitute CSR committee according to Section 135 of the Companies Act, 2013, as and when it becomes applicable upon the Company.

AVERAGE NET PROFIT OF THE COMPANY FOR LAST THREE FINANCIAL YEARS

The computation for average net profit for the Company in the Financial Year calculated as per Section 198 of the Act read with the Companies (Corporate Social Responsibility) Rules thereof ('average net profit') accrued during the three immediately preceding Financial years amounts to Rs.

Financial Year	Net Profits for the computation of CSR (Amount in Rs.)
2021-22	9,76,73,356
2020-21	4,15,91,264
2019-20	18,18,962
Average of 3 Years	4,70,27,861/-

PRESCRIBED CSR EXPENDITURE

The Prescribed CSR Expenditure (two percent of the average net profit as computed above) amounts to Rs. 9,40,557.22/- rounded off to Rs. 9,40,557/-.

DETAILS OF CSR EXPENDITURE SPENT DURING THE YEAR

Total Amount to be spent for the Financial Year 2022-23

During the Financial Year, the Company incurred CSR Expenditure of Rs. 11,60,000/- towards CSR surpassing the amount required under Companies Act, 2013 i.e. Rs. 9,40,557/-.

Amount unspent, if any:

The Company was able to spend Rs. 11,60,000/- surpassing the amount required under Companies Act, 2013 i.e. Rs. 9,40,557/-.

ANNUAL REPORT ON CSR ACTIVITIES

Manner in which the amount spent during the financial year is detailed below:

SL.No	CSR Project Identified	Sector in which the Project is Covered	Projects / Programs – Local / Others	Amount spent (in Rs.)	Amount spent: Direct/through Implementing Agency)
1.	FRIENDS OF TRIBALS SOCIETY	Rural Development Projects	Kolkata, West Bengal	6,60,000 /-	Direct
2.	INSTITUTE OF NEUROSCIENCES KOLKATA	Health Care	Kolkata, West Bengal	5,00,000 /-	Direct

In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in Board's Report:

The Company has successfully spent the requisite two percent of the average net profit of the preceding three financial years as CSR expenditure for the Financial Year 2022-23.

A responsibility statement of the Board / CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company:

Through this report, the Company seeks to communicate its commitment towards CSR. The implementation and monitoring of CSR Policy is in compliance with the CSR objectives and policy as laid down in this report. The Board of the Company is responsible for the integrity and objectivity of all the information provided in the disclosure above. All the projects reported are in line with the Schedule VII of the Companies Act 2013.