CORPORATE SOCIAL RESPONSIBILITY POLICY

Svatantra

Finance and Accounts

Svatantra Microfin Limited

Document Metadata

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2.	V1.1	30th March 2021	Changes/Addition in CSR Programme/Projects, Monitoring and Reporting clauses.
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5.	V1.4	12th November 2025	Change in: • CSR Vision • Reporting and Assessment Addition of Annexure 1
6	V1.5	13th August 2026	To align policy pursuant to proposed issue.

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1. INTRODUCTION:

Section 135 of the Act read with Companies (Corporate Social Responsibility Policy) Rules, 2014 and Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 ('CSR Rules'), including any amendment thereof requires the Company to constitute a Corporate Social Responsibility ('CSR') Committee of Directors, adopt a CSR Policy, spend at least 2% of its average net profits made during the immediately preceding three financial years towards CSR activities as set out in Schedule VII to the Act and confirm compliance thereof in the Annual Report.

Accordingly, Svatantra Microfin Limited ('SML') has formulated and adopted this Corporate Social Responsibility Policy.

2. BACKGROUND:

SML is a Company incorporated under the Companies Act 1956 and registered with the Reserve Bank of India as Non-Banking Financial Company – Micro Finance Institution (NBFC-MFI). SML aims to encourage entrepreneurship where traditional banking systems cannot penetrate. SML is engaged in the business of lending to women borrowers under 'Joint Liability Group (JLG) based individual lending' model.

SML is conducting its business in a way that the Company achieves its business goals and objectives with a due consideration of community's economic, environmental and social aspirations and therefore commits to integrate Corporate Social Responsibility ('CSR') with its business processes.

3. TITLE AND APPLICABILITY:

SML has developed this policy titled 'Corporate Social Responsibility Policy' ('CSR Policy') encompassing the Company's philosophy for being a responsible corporate citizen and lays down the principles and mechanism for undertaking various programme in accordance with Section 135 of the Act (the 'Act') read along with the rules and schedules framed therein for the Company at large.

The CSR Policy shall guide the CSR programme and activities undertaken by the Company in the geography/ communities in which it operates.

4. DEFINITIONS:

In this CSR Policy, unless the context otherwise requires:

- "Act" means the Companies Act, 2013 and rules made thereunder (as amended from time to time)
- "Board" means the Board of Directors of the Company
- "Corporate Social Responsibility (CSR)" means and includes projects or programmes relating to activities, areas, or subject specified in Schedule VII to the Act as amended from time to time;
- "CSR Committee" shall mean the Committee of the Board constituted pursuant to Section 135 of the Act.
- "CSR Regulations" shall mean the Section 135 of the Act and the rules made there read with the Schedule VII to the Act as amended from time to time;

5. CSR VISION:

SML, through its CSR initiatives, envisions a resilient India where individuals can realise their full potential. Our community-driven, evidence-based programmes (a) advance economic; (b) social development; and (c) enhance well-being.

Guided by this vision, we aim to positively impact half a million lives by FY2030.

6. CSR COMMITTEE:

The CSR Committee is the governing body that will define the scope of CSR activities for the Company and ensure compliance with the Policy. The CSR Committee shall comprise three or more directors including at least one independent director. The Company Secretary of the Company shall act as the Secretary to the CSR Committee.

Responsibilities of CSR Committee:

- Formulate and periodically update CSR Policy, to be submitted to the Board of Directors for approval;
- Developing the CSR strategy and operationalize institutional mechanisms;
- Suggest areas of intervention and method of support;
- Identify focus areas/ activities that are in line with the CSR Policy;
- Review and recommend the CSR expenditure and the CSR annual plan to the Board for approval;
- Monitor the CSR policy from time to time;
- Meet at least twice a year to review the progress made and suggest corrective actions;
- Any other relevant matters/ issues which need to be undertaken in accordance to CSR policy;

Responsibilities of the Board:

The Board shall:

- After taking into account the recommendations made by the CSR Committee, approve the CSR Policy for the Company;
- Disclose the contents of the CSR Policy in its report and place it on the Company's website;
- Ensure that the activities as included in the CSR Policy are undertaken by the Company;
- Ensure that as and to the extent applicable, in each financial year the Company spends at least 2% of the average net profits of the Company made during the three immediately preceding financial years, calculated in accordance with Section 198 of the Act, in pursuance of the CSR Policy;
- Satisfy itself regarding the utilisation of the disbursed CSR funds; and
- Review the Policy and CSR activities from time to time.

7. OPERATIONAL FRAMEWORK:

CSR activities may be undertaken by the Company. CSR activities will be undertaken in areas identified by the CSR Committee. A CSR Annual Plan shall be presented to the CSR Committee and based on its recommendations to the Board for approval.

8. CSR SPENDING:

The Company may, in every financial year, spend such amounts on its CSR activities as the CSR Committee may authorise from time to time subject to the limits as approved by the Board, provided that the Board shall ensure that the CSR expenditure is compliant with the CSR Regulations.

The Company shall undertake CSR spending in accordance with the CSR Regulations, as amended from time to time.

The Board shall ensure that the administrative overheads shall not exceed 5% of total CSR expenditure of the Company for the financial year, as amended under the CSR Regulations from time to time.

Any amount remaining unspent under any ongoing CSR projects, shall be transferred by the Company within a period of thirty days from the end of the financial year to an 'unspent CSR account', and such amount shall be spent by the Company in pursuance of its obligation towards the CSR Policy within a period of three financial years from the date of such transfer, failing which, the Company shall transfer the same to a fund specified in Schedule VII of the Act, within a period of thirty days from the date of completion of the third financial year.

Any amount spent in excess of the CSR obligation in a financial year may be set off against the CSR obligation of the immediately succeeding three financial years as prescribed under the Act, as amended from time to time.

9. OBJECTIVES OF CSR POLICY:

The objectives of CSR Policy of the Company are to:

- Build a framework of CSR activities with a philanthropic approach in line with business unit objectives, which also benefits the organization at large;
- Shape sustainability for the organization by 'Engaging the Community';
- Build a corporate brand through CSR; and
- 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".

10. CSR PROGRAMME/PROJECTS:

SML shall conduct its CSR activities as laid down in Schedule VII of the Act and as approved by the CSR Committee of the Company. These activities will in turn focus on established need, sustainability, and focused outcomes of the chosen sectoral themes. SML shall seek to identify suitable programmes/ projects/ activities as enumerated under Schedule VII of Act, to ensure its contribution to the community and society at large. For this purpose, SML may identify non-profit organizations to help facilitate its strategic CSR investments.

The Company's CSR programmes shall be carried out with the advisory and support of the Ananya Birla Foundation.

The Company plans to focus its CSR initiatives and adopt a structured approach to the core areas of intervention undertaken across India, in line with the spread of its business & operations.

The following activities shall not form part of the CSR activities of the Company:

1. The activities undertaken in pursuance of normal course of business of the Company;
2. Any activity undertaken outside India;
3. Any contribution directly/indirectly to political party or any funds directed towards political parties or political causes under Section 182 of the Act;
4. CSR projects/programmes or activities that benefit only the employees of the Company;
5. Activities supported by Companies on sponsorship basis for deriving marketing benefits for its services; and
6. Activities carried out for fulfilment of any other statutory obligations under any law in force in India.

11. CSR BUDGET:

SML shall endeavour that funds to the tune of at least 2% of the average net profits of the Company during the immediately preceding three financial years is allocated towards the CSR programme/ projects as mentioned above. The CSR Committee will recommend the allocation of funds for each programme or project or activities for approval by the Board.

The Company may collaborate or pool resources with other organizations or companies to undertake CSR activities in compliance with provisions of the Act.

A.1 Implementation Process:

The Board shall ensure that the CSR activities with the advisory and support of the Ananya Birla Foundation are undertaken by the Company itself or through –

a) 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 (1a) of Section 332 and approved under 354 of the Income Tax Act, 2025, as amended, established by the Company, either singly or along with any other Company; or
b) 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;
c) any entity established under an act of parliament or a state legislature;
d) 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 (1a) of Section 332 and approved under 354 of the Income Tax Act, 2025, as amended, and having an established track record of at least three years in undertaking similar activities.

Explanation – 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.

In the manner prescribed under the CSR Regulations, as amended from time to time.

A.2 Approval, Governance and Execution of CSR Projects:

- CSR programme/ projects to be undertaken by the Company will be identified by the CSR Committee;
- The CSR Committee shall recommend the CSR programme/ projects, specifying modalities of its execution and the amount of expenditure to be incurred on the programme/ projects;
- Upon recommendations of the CSR Committee, the Board shall specifically approve such CSR projects/programmes and the amount of expenditure;

- The Board is authorized to delegate the implementation of CSR programmes to suitable implementing entities or individuals, aligning with the budgets and timelines outlined in the Board's approved CSR Annual Action Plan;
- The CSR Committee is authorized to settle all queries, differences or doubts that may arise in relation to the implementation of the CSR programme/ projects as may be approved by the Board.

A.3: Implementation and Operational Guidelines:

- The Company may engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per its Policy as well as for capacity building of their own personnel for CSR;
- The Company may also collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or programmes in accordance with the CSR Regulations;
- The Company may directly undertake the CSR activities as permitted under Schedule VII and approved by the CSR Committee or execute and implement CSR activities through any other Implementing Agency registered in India, having a valid CSR Registration Number granted by the Ministry of Corporate Affairs (MCA) and having track record of service, performance, governance, and accountability;
- The Company may engage the services of external expert agencies, consultancy firms, etc for carrying out any survey, assessment or report with regards to any CSR programme/ projects to be undertaken by the Company;
- The CSR contribution would be for a project as identified by the Company, either for a single financial year or as an ongoing project for multi-years, depending on the scale and needs of the project;
- The disbursement of the contribution amount by the Company to the Implementing Agency shall be made only if they have a unique CSR registration number granted by the MCA and requisite approvals and registrations as required under the Income Tax Act, 2025 or other applicable laws in India;
- The disbursement will be made only upon receipt of a proposal from the Implementing Agency specifying the budget that is required, activity for which it is required and project outputs & outcomes, as may be required;
- The Board is authorized to delegate the implementation of CSR programmes to suitable implementing entities or individuals, aligning with the budgets and timelines outlined in the Board's approved CSR Annual Action Plan; and
- Any surplus arising out of the CSR Projects or programmes or activities shall not form part of the business profit of the Company.

B. Monitoring:

The Company shall be entitled to receive the following information (as applicable) from the Implementing Agencies in line with CSR guidelines issued by Ministry of Corporate Affair (MCA) and as amended from time to time:

- A valid CSR Registration Number granted by the Ministry of Corporate Affairs (MCA);
- A valid Registration Certificate under Section 332 of the Income-tax Act, 2025;
- A valid Registration Certificate under Section 133 of the Income-tax Act, 2025;
- Proof to substantiate a track record of 3 years in undertaking CSR activities.

To ensure steady progress and proper utilization of CSR amount, the following monitoring mechanism may be adopted:

- The Board shall satisfy itself that the funds so disbursed have been utilized for the purpose and in the manner as approved by it.
- The Chief Financial Officer of the Company or any other person responsible for financial management shall certify the utilisation of funds disbursed for CSR projects.
- 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.

12. REPORTING AND ASSESSMENT

The CSR Committee shall report to the Board of Directors of the Company, the status of the CSR projects undertaken by the Company in the Annexure to the Directors' Report, forming part of the Company's Annual Report.

SML shall undertake impact assessments of its CSR projects in accordance with the provisions of the Act and the rules made thereunder. The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.

The findings and reports of the impact assessment shall be placed before the CSR Committee and the Board of Directors and shall also be disclosed in the Annual Report on CSR activities as required under the statutory and regulatory norm.

13. REVIEW / AMENDMENT AND DISPLAY OF CSR POLICY:

The policy will be subject to review after a period of two years. This Policy may be amended, modified or supplemented as approved by the Board on the recommendation of the CSR Committee, to ensure compliance with any amendment, modification or supplementation to the Companies Act, 2013, and any other guidelines issued by the regulatory authorities or as may be otherwise.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions in this Policy and this Policy shall stand amended accordingly.

The CSR Committee and/or Board may issue/implement such guidelines, procedures, formats and/or reporting mechanisms to enforce this Policy as it may deem fit.

The Company shall upload this Policy, and all other information as statutorily required on its website https://svatantramicrofin.com/.

14. AREAS OF CSR INTERVENTION (ANNEXURE 1)

Enumerated below are the key thematic areas under which the Company will implement its CSR initiatives. These areas will be periodically reviewed by the CSR Committee and the Board. Specific programmes under each area will be undertaken in line with the CSR Policy and aligned with the provisions of Schedule VII of the Act, with the objective of maximizing social impact.

1. Promotion of Well-being

Mental health remains an invisible yet urgent challenge in India, particularly in conflict-affected and underserved regions. The Company supports programmes focused on strengthening mental health systems and improving access to mental healthcare for vulnerable populations. These interventions aim to build awareness, reduce stigma, and enhance community and institutional capacity to respond effectively to mental health needs.

2. Social Advancement

The Company is committed to advancing social equity by supporting initiatives that promote education, inclusion, well-being, and the rights of marginalized communities. Programmes under this area may include gender justice, disability inclusion, climate action, heritage preservation, and support to veterans and sports initiatives and such other initiatives.

3. Economic Advancement

The Company supports grassroots organizations that focus on building economic resilience and entrepreneurial capacity among rural women. These initiatives aim to strengthen local enterprises, enhance the effectiveness of semi urban/ rural entrepreneurs, and integrate women into emerging value chains through skill development, access to finance, and market linkages.

4. Relief Support

The Company support rural/ semi urban population under any exigency related to natural calamity/ health care concern or others.