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CORPORATE SOCIAL RESPONSIBILITY POLICY

Corporate Social Responsibility (CSR) builds a dynamic relationship between a Company, the society and environment. CSR is traditionally driven by a moral obligation and philanthropic spirit. **Simmonds Marshall Limited** has contributed funds for the schemes of eradicating hunger and poverty; promotion of education and medical aid. The Company has also undertaken schemes of distributing food to the poor directly as part of the CSR initiative.

The CSR Policy has been prepared keeping in mind the Company's business ethics and to comply with the requirements of Companies Act, 2013 (hereinafter called as "the Act") and the Corporate Social Responsibility (CSR) Rules, 2014 amended vide Companies Amendment Act 2019, Companies Amendment Act, 2020 & Companies (CSR Policy) Amendment Rules, 2021 notified by the Ministry of Corporate Affairs vide Notification dated January 22, 2021 (hereinafter referred to as "CSR Rules") lays down the framework and modalities of carrying out CSR activities which are specified in Schedule VII of the Act.

CSR VISION STATEMENT & OBJECTIVE

Through sustainable measures, actively contribute to the Social, Economic and Environmental Development of the community in which we operate ensuring participation from the community and thereby create value for the nation.

The main objective of the Policy is to establish the basic principles and the general framework of action for the management to undertake and fulfil its corporate social responsibility.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Composition:

Pursuant to the provisions of Section 135 of the Act, the Company has constituted a CSR Committee of the Board consisting of a judicious combination of independent and non-independent Directors with majority being independent.

Meetings:

The CSR Committee shall meet at least once in a year. Members of the CSR Committee can agree upon mutually regarding time and place for the said meetings. Quorum for the meeting should be two. The Members of the Committee may participate in the meeting either in person or through video conferencing or other audio-visual means in accordance with the provisions of the Companies Act, 2013 and rules made thereunder from time to time.

Management may attend the CSR Committee Meetings as may be appropriate, subject to the approval of the CSR Committee. Minutes of the CSR Committee shall be placed before the Board for noting.

Quorum:

The quorum for a meeting of the Committee on CSR shall be one-third of its total strength (any fraction contained in that one-third being rounded off as one), or two members, whichever is higher.

Sitting Fee:

The Sitting Fees for attending the meeting shall be determined from time to time by the Board of Directors.

Roles & Powers of CSR Committee:

Following are the Powers of the CSR Committee:

- (i) Formulate CSR Policy and recommend the same to the Board of Directors of the Company for approval.
- (ii) Recommend CSR activities as stated under Schedule VII of the Act.
- (iii) Approve to undertake CSR activities in collaboration with firms/NGOs etc. and to separately report the same in accordance with the CSR Rules.
- (iv) Recommend the CSR Budget.
- (v) Spend the allocated CSR amount on the CSR activities once it is approved by the Board of Directors of the Company in accordance with the Act and the CSR Rules.
- (vi) Create transparent monitoring mechanism for implementation of CSR Initiatives in India.
- (vii) Submit the CSR Report to the Board in respect of the CSR activities undertaken by the Company.
- (viii) Monitor CSR Policy from time to time.
- (ix) Monitor activities to ensure that the CSR activities of the Company are implemented effectively.
- (x) Authorize executives of the Company to attend the CSR Committee Meetings.
- (xi) Recommend to the Board an Annual Action Plan which includes the modalities for utilization of CSR funds and implementation schedules for the projects or programs,

monitoring and reporting mechanism of the projects or programs and details of need and impact assessment for the projects undertaken by the Company.

(xii) Recommend the alteration in the Annual Action Plan at any time during the year and update, if any, required to the CSR Policy.

(xiii) Any other matter/thing as may be considered expedient by the members in furtherance of and to comply with the CSR Policy of the Company.

The Board of Directors shall, after taking into account the recommendations made by the CSR committee, approve the CSR policy for the Company and disclose its contents in their report and also publish the details on the Company's website, if any, in such manner laid down in the Companies (Corporate Social Responsibility Policy) Rules, 2014.

CSR BUDGET, SPENDING & EXPENDITURE

Funding & Allocation:

For achieving its CSR objectives through implementation of meaningful & sustainable CSR programmes, the Company will allocate 2% of its average net profits made during the 3 immediately preceding financial years as its Annual CSR Budget.

The Annual CSR Budget shall be spent on activities laid down in this Policy. CSR expenditure shall include all expenditure including contribution to corpus of flagship projects, projects or programs relating to CSR activities as per CSR Policy, but does not include any expenditure on an item not in conformity with the CSR Policy.

Expenditure on CSR capabilities:

1. The Company may build CSR capabilities of their own personnel as well as of their Implementing Agencies and such expenditure shall not exceed 5% of the total CSR spend of the Company as stated in the Rules from time to time. Determination of whether a particular expense fall within this 5% cap can be decided in consultation of the Chief Financial Officer of the Company based on the clarification available from time to time in this regard.
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 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 the expiry of the financial year.
3. Where a Company spends an amount in excess of requirement provided under sub-section (5) of section 135, 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 that -

- (i) the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any, in pursuance of sub-rule (2) of this rule.
 - (ii) the Board of the Company shall pass a resolution to that effect.
4. The CSR amount may be spent by a Company for creation or acquisition of a capital asset, which shall be held by -
- (a) a Company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number under sub-rule (2) of rule 4; or
 - (b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
 - (c) a public authority;

Provided that any capital asset created by a Company prior to the commencement of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, shall within a period of one hundred and eighty days from such commencement comply with the requirement of this rule, which may be extended by a further period of not more than ninety days with the approval of the Board based on reasonable justification.

Failure to spend the CSR Money

In case the Company fails to spend the targeted amount in that particular financial year, it needs to transfer the unspent CSR amount - Until a fund is specified in list of funds at present specified under Schedule VII for the purposes of sub section (5) and (6) of section 135 of the Act:

- Prime Minister's National Relief Fund (PMNRF)
- Prime Minister's Central Assistance and Relief in Emergency Situations Fund (PM CARES Fund)
- Swachh Bharat Kosh
- Clean Ganga Fund

Consequence of non-transfer in aforesaid manner:

- Offence decriminalized vide Companies Amendment Act, 2020
- Company liable to pay penalty twice the amount of default or Rs. 1 crore, whichever is less
- Every officer liable to pay penalty @ 10% of default or Rs. 2 Lakhs, whichever is less

CSR INITIATIVES

In line with Schedule VII of the Act and the CSR Rules, the Company shall undertake CSR activities as recommended by the CSR Committee. The Committee is authorized to approve any modification to the Annual Action Plan during the financial year under review.

Annual Action Plan

The CSR Annual Action Plan is a yearly plan of CSR activities that would be placed before the Board of Directors of the Company based on recommendation of its CSR Committee.

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 programs,
- (c) the modalities of utilization of funds and implementation schedules for the projects or programs,
- (d) monitoring and reporting mechanism for the projects or programs and
- (e) Details of need and impact assessment, if any, for the projects undertaken by the Company.

Collaboration

The Company may collaborate with any other Company / firm / NGO as may be approved by CSR Committee to implement CSR activities and the same shall form a part of the Annual Action Plan.

ACTIVITIES, PLANNING & IMPLEMENTATION

Areas for Activities

The Company shall identify projects / activities which will fall in any one or more of the following areas /sector for its CSR spending:

- 1) Improving the quality of life in rural area.
- 2) Eradicating hunger, poverty and malnutrition,
- 3) Promoting healthcare including preventive healthcare
- 4) Employment enhancing vocational skills
- 5) Promotion of education including investment in technology in schools
- 6) Ensuring environment sustainability including measures for reducing inequalities

- faced by socially and economically backward groups
- 7) Promoting sports including rural and Olympic sports
 - 8) Contribution to funds for promoting technology
 - 9) Investing in various rural development projects
 - 10) Contribution to the Prime Minister's National Relief Fund or any other fund setup by the Central Government for development and relief.
 - 11) Collaborate with like-minded bodies like Voluntary organizations, charitable trusts, governments and academic institutes in pursuit of our goals.
 - 12) Interact regularly with stakeholders, review and publicly report our CSR initiatives and
 - 13) Other areas approved by the CSR Committee that are covered in the CSR Rules as amended from time to time.

The Company will review the sectors from time to time and make additions/deletions/clarifications to the above sectors.

The above areas for activities are mapped with the activities as prescribed under Schedule VII to the Act for the Company's Principles for the formulation of Annual Action Plan. While the focus of CSR efforts will be in the local areas and the areas in which the Company operates, the Company may also undertake projects where societal needs are high or in special situations (such as in the case of natural disasters etc.)

The CSR projects or programs or activities undertaken by the Company as per Company's CSR Policy in India only shall amount to CSR Expenditure in accordance with the provisions of sub-section (5) of section 135 of the Act.

The Company will prefer to take up projects for spending the amount earmarked for CSR at local areas and areas where the Company operates.

All expenses and contributions for CSR activities will be made after approval from the Chairman of the CSR committee, which would then be placed before the forthcoming CSR committee for noting and record. The Chairman will ensure that the expenses/contribution and donation will be in full compliance of the CSR Policy.

The Company shall appoint officers at its business places (Units & Corporate Office) to undertake, supervise and monitor the CSR activities and expenditure. Such officers will be responsible to ensure that the expenditures are made in full compliance with this policy. They will submit periodical report to the committee. The Company will see that these officers have CSR capacities of their own and if required, they will be given required training to take up these tasks. The Company can also appoint implementing agencies like charitable trusts and NGOs/ Institutions with established track records of at least three financial years.

Exclusions:

The CSR activities shall be undertaken by the Company, (either new or ongoing) excluding activities undertaken in pursuance of its normal course of business. The Company will not make any contribution of any amount directly or indirectly to any political party.

The CSR projects or programs or activities that benefit exclusively for the employees of the Company and their families shall not be considered as CSR activities in accordance with this policy.

Any surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of the Company but should be added in the CSR Fund.

Implementing Agency

The CSR Activities may be undertaken by the Company with the prior approval of the Board/Committee, through any of the following entities as "Implementation Agency" being duly registered with the Central Government and having a unique CSR Registration Number (with effect from 1 April 2021).

(a) A Company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 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; or

(c) Any entity established under an Act of Parliament or a State legislature; or

(d) A Company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

MONITORING AND FEEDBACK

- a. To ensure effective implementation of the CSR program undertaken at each work center, a monitoring mechanism will be put in place.
- b. The progress of CSR programs under implementation will be reported to corporate office on a monthly basis.
- c. The report on progress on the CSR program undertaken by the Company will be put

forward to the CSR Committee with full details of cost incurred and results achieved on a regular basis.

- d. Work centers will try to obtain feedback from beneficiaries about the programs implemented at the area.
- e. Appropriate documentation of the Company's CSR activities, executing partners, and expenditure entailed will be undertaken on a regular basis.
- f. CSR initiatives of the Company will be reported in the Annual Report of the Company & the Board's Report in compliance with Section 135 and rules made thereunder.

PUBLICATION OF CSR POLICY & PROGRAMS

The Company shall publish its Annual Report on CSR Activities in its Directors Report in the manner prescribed under the Companies Act 2013 and the CSR Rules, particulars specified in Annexure I or Annexure II, as applicable.

POLICY REVIEW & FUTURE AMENDMENT

This policy has been formulated and recommended by the CSR Committee and adopted by the Board of Directors at its meeting held on February 12, 2021. The Board may, upon recommendation of the CSR Committee, amend or modify this CSR Policy as and when necessary.

This policy has been altered due to amendments made by the Ministry of Corporate Affairs to Section 135 of the Act amended from time to time and Companies (Corporate Social Responsibility Policy) Amendment Rules 2021, after the formation of this Policy.

In case of any doubt with regard to any provision of the policy and also in respect of matters not covered herein, a reference to be made to CSR Committee. In all such matters, the interpretation & decision of the Committee shall be final.

Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the guidelines on the subject as maybe issued from Government, from time to time. The CSR Committee reserves the right to modify, add, or amend any of provisions of this Policy subject to approval of the Board. Revision/amendment in accordance with the guidelines on the subject as may be issued from Government, from time to time. The CSR Committee reserves the right to modify, add, or amend any of provisions of this Policy subject to approval of the Board.
