



SHARAT INDUSTRIES LIMITED

Registered Office: VENKANNAPALEM VILLAGE, T P GUDUR MANDAL, NELLORE,
ANDHRA PRADESH - 524002

Website: www.sharatindustries.com

CORPORATE SOCIAL RESPONSIBILITY POLICY

**[Pursuant to Section 135 of the Companies Act, 2013 and the Companies
(Corporate Social Responsibility Policy) Rules, 2014]**



TABLE OF CONTENTS

1. BACKGROUND	3
2. OBJECTIVE	3
3. DEFINITIONS	4
4. SCOPE OF THE POLICY	6
5. CSR COMMITTEE:	6
6. CSR EXPENDITURE	7
7. CSR REPORTING	8
8. IMPLEMENTATION OF THE CSR POLICY	9
9. CSR ACTIVITIES.....	10
10. DISPLAY OF CSR ACTIVITIES ON ITS WEBSITE:	12
11. EFFECTIVE DATE:.....	12



CORPORATE SOCIAL RESPONSIBILITY POLICY

1. BACKGROUND

In Compliance with the requirement of Section 135 of the Companies Act 2013, read with the Companies (Corporate Social Responsibility Policy) Rules 2014, as amended, the Company is, inter alia, required to:

- i. Constitute a Board Committee to formulate and recommend to the Board a Corporate Social Responsibility (CSR) Policy, recommend the amount of CSR expenditure and monitor the CSR activities of the Company from time to time
- ii. Ensure that the Company spends, in every financial year, two percent of the Average Net Profit Before Tax (PBT) of the Company, made during the three immediately preceding financial years, in pursuance of its CSR Policy

2. OBJECTIVE

The objective of this policy as follows:

- a) To ensure that the Company is committed to operate its business in an economically, socially and environmentally sustainable manner, while recognizing the interests of all its stakeholders.
- b) To take up programmes that benefit the communities in and around its work centers and over a period of time, results in enhancing the quality of life of the people in the area of its business operations.
- c) To take up programmes that benefit the communities in and around its work centers and over a period of time, results in enhancing the quality of life of the people in the area of its business operations.



3. DEFINITIONS

- a) **Act:** shall mean the Companies Act, 2013 and the rules framed thereunder, including any modifications, clarifications, circulars or re-enactment thereof.
- b) **Board:** means the Board of Directors of Sharat Industries Limited, as constituted from time to time.
- c) **Company:** refers to Sharat Industries Limited
- d) **CSR Committee:** means the CSR committee of Sharat industries Limited referred to in Section 135 of the Companies Act 2013.
- e) **CSR Activities:** means activities covered under Schedule VII of the Companies Act 2013.
- f) **Net Profit:** means the net profit of the Company, as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely:
 - i. any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and
 - ii. any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act;



- g) **Corporate Social Responsibility (CSR):** means the activities undertaken by the Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in these rules, but shall not include the following, namely: -
- 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 companies 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
- h) **CSR Expenditure** means the amount recommended by the CSR Committee to be incurred on the CSR Activities in India in terms of the Act and the CSR Rules as approved by the Board from time to time.
- i) **Administrative overheads:** means the expenses incurred by the company for 'general management and administration' of Corporate Social Responsibility functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme.



4. SCOPE OF THE POLICY

- i) This policy will focus on constitution of the CSR committee, roles and responsibility of the CSR committee, CSR activities to be undertaken and allocation of the funds for carrying out such CSR activities, Implementation and monitoring the execution of the CSR activities for the Company.
- ii) The Policy shall apply to all CSR projects/ programs undertaken by the Company in India as per Schedule VII of the Act.

5. CSR COMMITTEE:

- i. The composition of the CSR Committee shall consist of a minimum of 3 (three) Directors of the Company and one being Independent Director. The number of Members of the CSR Committee, their powers and functions can be specified, varied, altered or modified from time to time by the Board subject to the provisions of the applicable laws;
- ii. Without prejudice to the generality of the foregoing, the CSR Committee shall be responsible for the following activities:
 - a) Formulate and recommend to the Board a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as per the provisions of applicable laws.
 - b) Recommend the amount of expenditure to be incurred on the activities referred to in the above clause
 - c) Monitor the CSR Policy of the Company from time to time.



- d) Appoint an independent agency/firm to carry out impact assessment study, if any
 - e) Formulate and recommend to the Board an annual action plan in pursuance of the CSR policy
 - f) Provide guidance on various CSR initiatives undertaken by the company and monitor implementation and adherence to the CSR programs and policy of the company from time to time;
- iii. The CSR Committee shall hold meetings which shall be attended by minimum quorum as may be specified in the Act and the Rules.

6. CSR EXPENDITURE

- i. The Board shall ensure that the administrative overheads shall not exceed five percent of the total CSR expenditure of the Company for the financial year;
- ii. 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;
- iii. Where a company spends an amount more than 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 –



- a) 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;
 - b) the Board of the company shall pass a resolution to that effect;
- iv. The CSR amount may be spent by a company for creation or acquisition of a capital asset, which shall be held by
- 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

7. CSR REPORTING

- a) The Board's Report of a company covered under these rules pertaining to any financial year shall include an annual report on CSR;
- b) Every company having average CSR obligation of ten crore rupees or more in pursuance of subsection (5) of section 135 of the Act, in the three immediately preceding financial years, shall undertake impact assessment, through an independent agency;
- c) their CSR projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study;



- d) The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR;
- e) Company undertaking impact assessment may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed two percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is higher;

8. IMPLEMENTATION OF THE CSR POLICY

The Board shall be responsible for implementing the mandate of the CSR policy and shall ensure that the CSR activities are carried out in accordance with the CSR policy reach with Act and CSR rules

- a. The Company shall undertake and implement CSR activities either directly or through a registered public trust, registered society or a section 8 company under the Companies Act, 2013, (NGOs), institutions and /or such other agencies ('implementing agencies') as may be specified in Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time.
- b. The implementing agencies, who intend to undertake any CSR activity, shall register themselves with the Central Government and obtain a unique CSR Registration Number, wherever applicable.
- c. The Company may also engage international organizations for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy or also collaborate with other companies for undertaking projects or programmes or CSR activities in accordance with the provisions of the Act and the rules made thereunder.



- d. The Annual Action Plan in pursuance of the CSR policy which shall inter alia include the following:
- a) the list of CSR projects or programmes 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 programmes.
 - d) monitoring and reporting mechanism for the projects or programmes; and details of need and impact assessment, if any, for the projects undertaken by the company.

9. CSR ACTIVITIES

The Company would focus activities around the following thrust areas:

- (i) eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
- (ii) promoting education, including special education and employment enhancing vocation 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, day care centres and such 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 including contribution to the Clean Ganga Fund setup by the Central Government for rejuvenation of river Ganga;

(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; B. Any other activities as prescribed under schedule VII of the Companies Act 2013.

(vi) measure for the benefit of armed force veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows;

(vii) training to promote rural sports, nationally recognized sports, Paralympic sports and Olympics sports;

(viii) contribution to the Prime Minister's National Relief Fund or Prime Minister's Central Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Schedule Tribes, other backward classes, minorities and women;

(ix) (a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and

(b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and



Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).

(x) rural development projects.

(xi) slum area development.

Explanation.- For the purposes of this item, the term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.

(xii) disaster management, including relief, rehabilitation and reconstruction activities.

10. DISPLAY OF CSR ACTIVITIES ON ITS WEBSITE:

The Board of Directors of the Company shall mandatorily disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on their website, for public access.

11. EFFECTIVE DATE:

This policy comes into effect from 14th February 2024.