

**CORPORATE SOCIAL RESPONSIBILITY
(CSR) POLICY
(Version-2.0)**

Sharda Motor industries Limited

Regd. Off: D- 188, Okhla Industrial Area,

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CIN: L74899DL1986PLC023202

approved by the Board of Directors of the Company at its
Meeting held on 30 March, 2021

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CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

i. Introduction and Background

The CSR policy of Sharda Motor industries Limited ('the Company') encompasses the Company's philosophy towards Corporate Social Responsibility and lays down the guidelines and mechanism for undertaking socially useful programs for welfare & sustainable development of the community at large. The following is the summary of the CSR policy of the Company.

The CSR policy has been formulated in consonance with section 135 of Companies Act 2013 ('the Act') and the Companies (Corporate Social Responsibility) Rules, 2014 ('the Rules') including Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 and any such statutory modification(s) amendment(s) thereof from the time being in force as notified by the Ministry of Corporate Affairs from time to time. The Policy shall apply to all CSR projects/ programmes undertaken/ to be undertaken by the Company in India as per Schedule VII of the Companies Act, 2013.

ii. Definitions:

1. "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;
2. "Ongoing Project" means a multi-year project undertaken by a Company in fulfilment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced, and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the board based on reasonable justification;
3. "Corporate Social Responsibility (CSR)" means the activities undertaken by a 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: Provided that any company engaged in research and development activity of new vaccine, drugs and medical devices in their normal course of business may undertake research and development activity of new vaccine,

drugs and medical devices related to COVID-19 for financial years 2020-21, 2021-22, 2022-23 subject to the conditions that-

(a) such research and development activities shall be carried out in collaboration with any of the institutes or organisations mentioned in item (ix) of Schedule VII to the Act;

(b) details of such activity shall be disclosed separately in the Annual report on CSR included in the Board's Report;

(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;

4. "CSR Policy" means a statement containing the approach and direction given by the board of a company, taking into account the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan;

5. "International Organisation" means an organisation notified by the Central Government as an international organisation under section 3 of the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947), to which the provisions of the Schedule to the said Act apply;

iii. CSR Philosophy

The Company intends to undertake its corporate social responsibility in a strategic manner. The Company will leverage its financial and human resources, networks and expertise to create maximum impact for its stakeholders.

iv. Governance

1. Every year, the CSR Committee will place for the Board's approval, a CSR Plan delineating the CSR Programmes to be carried out during the financial year and the specified budgets thereof. The Board will consider and approve the CSR Plan with any modification that may be deemed necessary.
2. The CSR Committee will assign the task of implementation of the CSR Plan within specified budgets and timeframes to such persons / officials of the Company or bodies as it may deem fit.
3. The persons/bodies to which the implementation is assigned will carry out such CSR Programmes as determined by CSR Committee within the specified budgets and time frames and report back to the CSR Committee on the progress thereon at such frequency as the CSR Committee may direct. The CSR Committee shall review the implementation of the CSR Programmes and issue necessary directions from time to time to ensure orderly and efficient execution of the CSR Programmes in accordance with this Policy.
4. The CSR Committee may engage international organisations or may collaborate with other companies / for designing, monitoring and evaluation of the CSR projects or programme(s) as well as for capacity building of their own personnel for CSR.
5. The expenditure including expenditure on administrative overheads of such program shall not exceed 5% of the total CSR expenditure of the Company in one financial year
6. The CSR Committee shall formulate and recommend to the Board, 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 Act;
 - b) the manner of execution of such projects or programmes;
 - 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.
7. Whenever required the CSR Committee will provide a status update to the Board on the progress

of implementation of the approved CSR Programmes carried out. It shall be the responsibility of the CSR Committee to review such reports and keep the Board apprised of the status of implementation of the same.

8. At the end of every financial year, the CSR Committee will submit its report to the Board.

- v. **CSR Implementation:** The Company has constituted CSR Steering Committee to identify, analyse, implement and monitor the implementation of various projects/ programs to be undertaken in CSR Activities and has also authorized the Officials of the Company for the purpose of carrying out / undertaking the CSR Activities. The Company would be carrying on its CSR programs / activities through Sharda CSR Foundation Trust or directly through their contribution made in several activities. Contributions made by the Company to Sharda CSR Foundation Trust will be utilized for CSR programs / activities on behalf of the Company. To provide an impetus to various philanthropic initiatives, Sharda CSR Foundation Trust was set up by Sharda Motor Industries Limited as an philanthropic arm and an expression of its vision towards sustainable growth in India.

Sharda CSR Foundation Trust has taken the path of inclusive development to address the basic needs of the vulnerable sections of the society.

vi. **CSR Expenditure & Unspent amount**

CSR Expenditure

1. The Company will allocate 2% of its average net profits made during the 3 immediately preceding financial years as its Annual CSR Budget.
2. Any surplus or any income arising out of the CSR activities will not be part of the business profit and be ploughed back into the same project or shall be transferred to the Unspent CSR Account to be opened with the Bank.

Unspent CSR Amount

1. **Ongoing Project:**

Any Unspent CSR Amount belonging to the Ongoing Project(s) shall be transferred to the “Unspent CSR Account” (“Account”) opened with the Bank within 30 days from the end of respective Financial Year (F.Y.) and such Unspent CSR amount as transferred to the Account shall be utilized for the completion of the respective Ongoing CSR Project only. The Amount that still remains in the Unspent CSR Account can be retained for 3 F.Y, and after that shall be transferred to the fund specified under schedule VII of the Companies Act, 2013 within 30 days.

2. Other than Ongoing Project:

Any Unspent CSR Amount belonging to the Other than Ongoing Project(s) shall be transferred to the “Unspent CSR Account” (“Account”) opened with the Bank within 30 days from the end of respective Financial Year (F.Y.). Thereafter the said amount shall be transferred to a fund as specified under schedule VII of the Companies Act, 2013 within 6 months from the end of the said F.Y.

3. Unspent CSR amount, if any for the respective Financial Year can also be transferred by the company to Sharda CSR Foundation Fund or to such other fund included in schedule VII of the Act.

vii. Communication and Reporting

The CSR Steering Committee / Officials for performing the CSR Activities of the Company to provide a Annual Progress Report to the CSR Committee of the Board, which would inter alia include the following:

- 1) Achievement since last progress report/ during the last quarter in terms of coverage compared to the target.
- 2) Achievement of the year-to-date in terms of coverage compared to the target, plans to overcome shortfalls if any and support required from the CSR Committee/Board to overcome the shortfalls.
- 3) Actual year-to-date spends compared to the budget and reasons for variance.
- 4) Report on the implementation of the CSR Policy and its effectiveness
- 5) Area-wise expenditure on account of CSR
- 6) Disclosures on CSR as required to be incorporated in the annual results

Further the CSR Committee would also be communicate to the Board through the annual report in thereporting format as mandated by Section 135 of the Companies Act, 2013 and shall also be made available in the public domain.

viii. Monitoring of CSR Activities

The CSR Committee of Directors / the authorized Officials or through CSR Steering Committee of the Company shall identify, analyse, implement and monitor the implementation of various projects/ programs to be undertaken in CSR Activities and the amount to be funded..

ix. Website Disclosure

Details with respect to the composition of the CSR Committee, and CSR Policy and Projects, if any recommended by the CSR Committee and further approved by the Board of Directors of the Company shall be displayed on the website of the Company at www.shardamotor.com