

**SAKTHI AUTO COMPONENT LIMITED**  
**CORPORATE SOCIAL RESPONSIBILITY POLICY**

**1. PREAMBLE**

Section 135 of the Companies Act 2013, dealing with Corporate Social Responsibility, has become operational from 1st April 2014. The Section has prescribed that the Corporate Social Responsibility Committee (CSR Committee) has to formulate and recommend to the Board a Corporate Social Responsibility Policy.

Based on the recommendation of CSR Committee, a Corporate Social Responsibility Policy (CSR Policy) has been formulated with a view to provide the scope for the CSR Committee to deal with the matters which are prescribed under the Companies Act 2013.

**2. PRIMARY OBJECTIVES**

The primary objective of Corporate Social Responsibility is the commitment of the company to contribute for sustainable economic development and social welfare like education, health, water, environment and community welfare.

**3. CSR COMMITTEE**

The CSR Committee of the Board shall consist of at least three Directors as members of the Committee, out of whom at least one member will be an Independent Director. The members of CSR Committee shall elect a Chairman from amongst themselves.

The role / responsibilities of the CSR Committee include:

1. Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act 2013.
2. Recommend the amount of budgeted expenditure to be incurred on the activities referred to in clause (1) above.
3. Monitor the Corporate Social Responsibility Policy of the company from time to time
4. Institute a transparent monitoring mechanism for implementation of the CSR projects/programs/activities.
5. Monitor implementation of CSR activities.

**4. COMMITTEE MEETINGS**

The CSR Committee shall meet at such intervals as the Committee may deem necessary.

**5. RESPONSIBILITY OF THE BOARD**

The Board is responsible for:

- Approve the CSR policy and the CSR expenditure after taking into consideration the recommendations made by the CSR committee.
- Ensuring that in each financial year the Company spends at least 2% of average net profits made during immediately preceding 3 financial years in accordance with the provisions of section 135 of the Companies Act, 2013 and the rules made thereunder.

- Ensuring that every financial year funds committed by the Company for CSR activities are utilized effectively.
- Disclosing in its Annual Report the names of CSR Committee members, the content of the CSR policy and ensure annual reporting of its CSR activities on the Company website.

## 6. CSR ACTIVITIES

Over the years the Company or Group has been involved in a number of community focused activities, in the areas of health, education and preservation of the country's rich culture and heritage. Continuing the tradition, it is recommended that the Company may focus primarily on the following activities (hereinafter referred to as "CSR activities"):

- a. Eradication of extreme hunger, poverty and malnutrition; and Provision of safe drinking water;
- b. Promotion of preventive and general health care, sanitation; reducing child mortality and improving maternal health;
- c. Combating malaria, leprosy and other diseases and providing rehabilitation to people affected by leprosy, drug addicts, etc.;
- d. Promotion of education, including special education and employment enhancing vocation skills, especially among children, women, elderly and the differently-enabled persons; and Promotion of livelihood enhancement projects.
- e. Promotion of gender equality, empowering women; setting up of homes, hostel for women and orphans; old age homes, day care centers and such other facilities for senior citizens; and measures for reducing inequalities faced by socially and economically backward groups.
- f. Ensuring environmental sustainability; ecological balance; protection of flora and fauna, animal welfare; agro forestry; conservation of natural resources; and maintenance of quality of soil, air and water.
- g. Protection of national heritage, art and culture, including restoration of buildings and sites of historical importance and works of art; setting up public libraries; and promotion and development of traditional arts and handicrafts.
- h. Measures for the benefit of armed force veterans, war widows and their dependents
- i. Training to promote rural sports, nationally recognized sports, Paralympics sports and Olympic Sports.
- j. Contributions 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 SC/ ST/OBC, minorities and women.
- k. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government.
- l. Contributing to rural development projects; and
- m. Such other activities and projects as may be covered in Schedule VII to the Companies Act 2013 from time to time.

## **7. IMPLEMENTATION CSR ACTIVITIES**

The CSR activities shall be undertaken by the Company -

- a. Either directly or through a registered trust or a registered society or a company under Section 8 of the Companies Act, 2013 established by the Company or its holding company or subsidiary company.
- b. Through trusts, societies or companies not established by the company or its holding company or subsidiary company having established tract record of three years in undertaking similar activities or programs or projects.
- c. In the event of the Company undertaking its CSR activities through the entities mentioned in (b) above, the Company should specify the activities or project or the programme, the modalities of utilization of funds and the monitoring and reporting mechanism.
- d. By collaborating with other entities in such manner that the collaborating companies are able to report separately on the project or programme or activities in accordance with the Companies (Corporate Social Responsibility Policy) Rules 2014.
- e. By contributing to eligible projects/funds

## **8. CSR EXPENDITURE**

- i. The Company shall endeavour to spend, in every financial year at least two per cent (2%) of the average net profits of the Company made during the three (3) immediately preceding financial years for CSR Activities.  
For this purpose of "average net profit", profit shall be calculated in accordance with Section 198 of the Companies Act 2013, after deducting (a) the dividends received from companies in India which are covered under and complying with the provisions of Section 135 of the Companies Act 2013 and (b) income from foreign activities of the Company.
- ii. In the event of there being no profit calculated in the manner specified in para (i) above in any financial year, the Company is not obliged to spend any money on CSR activities in that financial year.
- iii. The Company will give preference to the local area(s) in and around our offices in India.
- iv. The Company may use their own personnel in executing the CSR activities and also effectively monitoring it. Any payment to be made to such personnel shall not exceed 5% of total CSR expenditure of the company in one financial year.

## **9. MONITORING PROCESS**

The CSR Committee review the CSR activities undertaken by the Company, the amount spent in respect thereof and the proposal for spending the balance CSR expenditure, if any, to be incurred for complying with the requirements of the Companies Act, 2013 and the Rules and take such steps as may be necessary for proper implementation of the CSR activities as approved by the Committee.

The CSR Committee shall report to the Board of Directors on the status of compliance of CSR policy by the Company.

## **10. CSR REPORTING**

The Board in its Annual Report shall include the details of the CSR activities undertaken in the Financial Year, as specified in the Companies Act 2013 and the rules relating to it.

## **11. REVIEW OF CSR POLICY**

The CSR Policy will be reviewed by the CSR Committee / Board in accordance with the amendments, if any, to the Companies Act, 2013, rules made thereunder or any other applicable enactment for the time being in force.