



SHIRDI SAI ELECTRICALS LIMITED

(CIN: U31401TG2010PLC069777)



DOCUMENT VALIDATION NOTE

Shirdi Sai Electricals Limited, incorporated under the provisions of the Companies Act 1956, and having its Registered Office situated G Pulla Reddy Sweets Building, 3rd Floor, # 6-3-8-879/B, Greenland Road, Begumpet, Hyderabad – 500016, Telangana (the Company), has formulated and adopted this Policy on Corporate Social Responsibility in terms of Section 135 of the Companies Act 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 (CSR Rules).

As per the provisions of section of 135 of the Companies Act, 2013, Every Company, which falls under any of the following criteria as per Sec 135 of the Companies Act, 2013, shall constitute a Corporate Social Responsibility committee (CSR Committee) of Directors:

- i. having a net worth of Rs.500 crore or more, or
- ii. doing a turnover of Rs. 100 crore or more or
- iii. making a net profit of Rs.5 crore or more

during the immediately preceding financial year.

Such company shall 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 Companies Act, 2013.

As the Company earned a net profit, which is more than Rs.5 crores during the financial year 2013-2014, the Company constituted a CSR Committee of Directors to implement CSR activities.

Accordingly, on the recommendation of the CSR Committee, this Policy was approved by the Board of Directors of the Company at its meeting held on 30.09.2023, and deemed to have come into effect from 30.09.2023.

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Corporate Social Responsibility Policy

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I. BACKGROUND

Corporate Social Responsibility is a company's sense of responsibility towards the community and environment in which it operates. The Company believes in conducting its business responsibly, fairly and in a most transparent manner. It continually seeks ways to bring about an overall positive impact on the society and environment, where it operates and as a part of its social objectives.

CSR covers the entire process by which an organization approaches, defines and develops its relationships with stakeholders for the common good, and demonstrates its commitment in this regard by adoption of appropriate strategies and projects. Thus CSR is not charity or mere donations but a way of going beyond business as usual, creating shared value and contributing to social and environmental good.

In order to promote corporate responsibility towards the society, the Companies Act 2013 envisages that the Companies meeting the criteria stated therein shall spend at least 2% of their average net profits made during previous three financial years by taking up projects with social objectives.

II. OBJECTIVE

The main objective of this CSR Policy is to lay down guidelines to make CSR a key business process for sustainable development of the society and the environment in which it operates. It aims in enhancing welfare measures of the society based on the immediate and long term social and environmental consequences of the Company's activities in India.

The scope of the Policy has been kept as wide as possible, so as to allow the Company to respond to different situations and challenges appropriately and flexibly, subject to the activities enumerated in Schedule VII to the Companies Act, 2013. However, no contribution will be made for any activities undertaken outside India.

The vision of the CSR Policy is to improve quality of life through integrated and sustainable development activities.

III. CSR COMMITTEE

The following are the details of CSR Committee of Directors and its role in CSR functions:

- a. The Board of Directors shall constitute a CSR Committee of the Board consisting of three or more directors out of which at least one director shall be an independent director.
- b. The CSR Committee shall meet as and when deemed necessary.
- c. Quorum of meeting of CSR Committee shall be one third of the total strength or two directors, whichever is higher.
- d. The CSR Committee may invite executives, advisors, representatives of Social Organizations, Auditors of the Company and such other person (s) as it may consider necessary to attend the meeting, which will help the committee to implement CSR functions effectively.

e. The Corporate Social Responsibility (CSR) Committee of Directors, which will play the following role in fulfilling the Company's CSR objectives:

- ✓ Formulation and recommendation to the Board an annual action plan in pursuance of this CSR Policy;
- ✓ Formulation and review of this CSR Policy indicating the activities to be undertaken by the Company towards CSR initiatives;
- ✓ Recommendation of the amount of expenditure to be incurred on the CSR activities;
- ✓ Formulation of a transparent monitoring mechanism for ensuring implementation of the projects / programs / activities proposed to be undertaken by the Company or the end use of the amount spent by it towards CSR activities;
- ✓ Monitor and implement this Policy from time to time;
- ✓ Annually report to the Board, the status of the CSR activities and contributions made by the Company; and
- ✓ Any other requirements mandated under the Act and Rules issued thereto.

IV. BOARD RESPONSIBILITIES:

The Board of Directors of the Company shall play the following role in fulfilling the Company's CSR objectives:

- The Board after taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the amendments in Corporate Social Responsibility Policy for the company and disclose contents of such Policy in its report and also place it on the company's website.
- The Board shall ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the company.
- The Board shall ensure that the company spends, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy.
- The Board shall ensure that the company gives preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities.
- If the company fails to spend on CSR, the Board shall, in its report must specify the reasons for not spending the amount

V. CSR ACTIVITIES/ PROJECTS:

The Company wish to take up CSR activities as stated below:

- A. Eradicating hunger, poverty and malnutrition.
- B. Promoting health care including preventive health care; Health and hospital infrastructure and equipment; Health camps; Medical treatment.
- C. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- D. Drinking water, sanitation and hygiene programs.
- E. 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.
- F. 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. ®
- 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; promotion and development of traditional art and handicrafts;
- H. Measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows;
- I. Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;
- J. Rural development initiatives for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;
- K. 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

- L. 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 Defence 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).
- M. Slum area development.
- N. Disaster management, including relief, rehabilitation and reconstruction activities.

The above list is illustrative and not exhaustive. The Chairman of the Committee is authorized to consider CSR activities not falling in this list.

Such other activities as may be permitted under the laws.

The CSR activities shall be as per Schedule–VII as amended from time to time as part of the Companies Act, 2013 and SSEL' s CSR activities are organized according to Schedule-VII.

All activities under the CSR activities should be environment friendly and socially acceptable to the local people and the society and excluding activities undertaken in pursuance of its normal course of business.

VI. EXCLUDED CSR ACTIVITIES:

CSR activities undertaken by the Company 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;

VII. CSR IMPLEMENTATION:

1. All such activities identified by the CSR Committee and approved by the Board of Directors shall be implemented in any of the following ways:

- a) by the Company itself
- b) through:
 1. a company established under section 8 of the Act, or
 2. a registered public trust or
 3. a registered society

established by the company, either singly or along with any other company.

The above entities shall have registration under section 12A and 80 G of the Income Tax Act, 1961.

- c) through:
 1. a company established under section 8 of the Act, or
 2. a registered public trust or
 3. a registered society

established by the Central Government or State Government; or [®]

- d) through any entity established under an Act of Parliament or a State legislature or

- e) through:
 1. a company established under section 8 of the Act, or
 2. a registered public trust or
 3. a registered society

having an established track record of at least three years in undertaking similar activities.

The above entities shall have registration under section 12A and 80 G of the Income Tax Act, 1961.

2. 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 rules.
3. In case of ongoing project, Board of the Company 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.

VIII. PROCESS FOR UNDERTAKING CSR ACTIVITIES/PROJECTS:

The process and the requirements mentioned herein is not exhaustive and it is only guidance note to be followed. The Company shall proceed with the steps and requirements as may be required as per the circumstances from time to time.

Generally, the following procedure is required to be adhered to while undertaking / funding CSR activities/projects:

Case I: Directly by the Company:

Where the Company wish to spend the CSR expenditure directly (without involvement of any Trust etc.), the following criteria shall be followed:

- The Company can obtain a request letter from the local authority or the Government Department to do CSR activities useful to public at large.
- Where authorised any person outside the Company to execute CSR activities on behalf of the Company, we can appoint him as the Company's agent (being contractor) to execute the CSR activities.
- The Company can make payments to the contractor as per the invoice. It may be at once or in a phased manner. The payment shall be through banking channel. ®
- The Company can obtain a letter of confirmation from the contractor that the CSR activities entrusted to him have been completed along with the purchase bills and other documents towards the spending of the amount.
- The Company can obtain list of beneficiaries along with their signatures confirming the benefit received. A register of beneficiaries can be maintained.
- The Company can obtain proof of expenditure including bills and pictures.
- The Company can also obtain a letter from the local body or Government department confirming the execution of CSR activities in the locality stating the number of beneficiaries and the amount spent.
- The Company can prepare a statement on utilization of funds towards CSR activities.

Case II: Through a Sec. 8 Company or a registered public trust or a registered society:

Where the Company wish to spend CSR expenditure through a Section 8 Company or trust or a society (it may be established by the Company or by the Government or by any party), hereinafter called 'entity', the following criteria shall be followed:

- a) The entity who intends to undertake any CSR activity, shall register itself with the Ministry of Corporate Affairs (MCA) by filing the e-Form CSR-1 with the Registrar of Companies, MCA with effect from the 01st day of April 2021.

- b) The Company shall entrust CSR activities/program for execution only to such entities, which have registration with MCA and also have registration under section 12A and 80 G of the Income Tax Act, 1961.
- c) Before entrusting the CSR program to any entity for execution, the Company shall receive the following documents from the entity:
- Trust Deed, Memorandum and Rules or MOA and AOA as the case may be of Trust, Society or Section 8 Company, as the case may be along with registration certificate.
 - Entity's PAN card issued by Income Tax Department.
 - MCA's registration
 - Entity's registration certificates under section 12A and 80 G of the Income Tax Act, 1961.
 - Labour license and other registrations, if any.
 - Income tax filings for the last 3 years.
 - Exemption certificate u/s 10 (23C) of Income tax act, if applicable. ®
- d) The Company can enter into an agreement with the entity to execute CSR activities on behalf of the Company specifying the terms and conditions.
- e) In discussion with the entity, the Company can finalise the project and its report for execution of the project. The report shall have the project details, fund required and timeline to complete the project along with other details.
- f) The Company shall release funds to the entity as per the terms of the agreement in a phased manner as per the requirement based on the invoice received from the entity.
- g) All the payments shall be through banking channels only.
- h) The entity shall submit periodical status/progress reports to the Company, with respect to the spending of the amount contributed by the company, before seeking next fund.
- i) The Company shall obtain receipt from the entity towards all the payments made.
- j) The Company can obtain a letter of confirmation from the entity that the CSR project entrusted to it has been completed along with the purchase bills, pictures and other documents towards the spending of the amount.
- k) The Company can also obtain a letter from the local body or Government department confirming the execution of CSR project in the locality with a kind of appreciation.
- l) The Company can prepare a statement on utilization of funds towards CSR project.

IX. CSR EXPENDITURE:

1. The Company shall ensure that the 'administrative overheads' shall not exceed 5% of total CSR expenditure of the company for each financial year.
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 06 months of the expiry of the financial year.

X. MONITORING:

The following three step Review Mechanism shall be followed for the CSR initiatives, which shall ensure a top down review and delivery:

- a. An employee or group of employees, who are authorized to monitor implementation of CSR programs, shall monitor and review the progress and ensure implementation as per the terms.
- b. Such employees shall visit the CSR project site on regular basis and assess the progress of the project, identify the deviations, if any and advise the entity to follow the terms for execution of the project.
- c. Such employees shall report the progress of the CSR project in detail to the CSR Committee on periodical basis, say monthly and such report shall include the details of the amount spent during the period under review and also cumulative amount spent and the amount to be spent.
- d. After review at their meeting, CSR Committee shall report the details of the progress and status of each CSR project undertaken by the Company to the Board of Directors periodically say quarterly.
- e. The Board of Directors of the Company shall further review the progress of each CSR project and expenditure incurred therefor on periodic basis say quarterly and direct with necessary instructions.
- f. Regular audits of the amount spent on CSR initiatives shall be carried on by the Internal Audit Function of the Company and report / observations shall be forwarded to hierarchy for their review and necessary action.

The CSR Committee shall be responsible for overseeing the planning, coordination and implementation of CSR activities and compliance of the same shall be reported to stakeholders through the Company's Annual Report on CSR.

XI. CSR BUDGET:

The overall amount to be committed to CSR will be approved by the Board as part of the Company's overall Annual Budget/Plan. Within the budgeted amount, specific CSR initiatives/projects will be approved in line with the process approved by the CSR Committee of the Board.

XII. REPORTING TO SHAREHOLDERS:

The CSR Committee shall report to the Board of the Company, at least on an annual basis, the status of the CSR projects / activities undertaken by the Company along with the report on the impact created by such projects / activities.

Further, a detailed status report on the CSR activities carried out by the Company would be disclosed every year as part of the Directors' Report in the Annual Report.

The CSR Committee will also make a Responsibility Statement in the Annual Report stating that the CSR Policy implementation and monitoring thereof is, in letter and spirit, in compliance with its CSR objectives.

XIII. TRANSFER OF UNSPENT CSR AMOUNT:

1. In case of CSR expenditure related to ongoing CSR projects, the unspent CSR amount for a financial year shall be transferred into a separate Unspent Corporate Social Responsibility Account opened by the Company with any scheduled Bank within 30 days of end of that financial year and the amount can be utilised to the ongoing CSR projects within 03 years of such transfer, failing which, the company shall transfer the same to a Fund specified in Schedule VII, within a period of 30 days from the date of completion of the third financial year.
2. In case CSR expenditure is not related to ongoing CSR projects, the unspent CSR amount shall be transferred to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

XIV. DISPLAY OF CSR ACTIVITIES ON ITS WEBSITE:

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

XV. AMENDMENTS TO THE POLICY:

The Company is committed to continuously reviewing and updating our policies and procedures. Therefore, this policy is subject to modification. Any amendment of any provisions of this policy must be approved in writing by the Company's Board as per the recommendations of the CSR Committee and promptly disclosed on the Company's website together with details about the nature of the amendment.
