

SHETRON LIMITED
THE NAME BEHIND THE NAMES

Corporate Social Responsibility Policy

(Approved on Board Meeting dated 04.02.2023)

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CORPORATE SOCIAL RESPONSIBILITY POLICY

1. Introduction

Shetron Limited ('Shetron' or 'the Company') has always believed in good CSR practices since its inception. The Company believes that the only way to bridge the gap between an underprivileged and privileged society, is the concern the Company shows towards the community and the environment (both ecological and social).

In accordance with Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors of Shetron Limited has adopted this Corporate Social Responsibility Policy.

This policy will be applicable to the Company effective February 4, 2023.

2. Objectives

Shetron as an organization is committed to incorporating policies, systems and approaches to achieve its positive impact growth objectives. The CSR philosophy of the Company rests on the principles of sustainability and self-reliance.

3. *In the light of Companies Act 2013

Pursuant to Section 135 of the Companies Act, 2013, and the Companies (Corporate Social Responsibility Policy) Rules, 2014 every Company having net worth of Rs. 500 Crores or more or turnover of Rs. 1,000 Crores or more or net profit of Rs. 5 Crores or more during the immediately preceding financial year shall constitute Corporate Social Responsibility Committee ('CSR Committee') and the CSR Committee shall:

- a) Formulate and recommend the CSR Policy which shall indicate the activities to be undertaken by the Company as prescribed,
- b) Recommend the amount of expenditure to be incurred on the activities referred to in clause(a),
- c) monitor the Corporate Social Responsibility Policy of the Company from time to time.

This Policy on Corporate Social Responsibility (CSR Policy) has been approved by the Board of Directors of the Company ('Board').

Section 135 of the Act read with the Companies Rules, 2014 states that the Company's CSR activities shall be restricted to the projects or programs relating to activities in the Schedule VII to the Act.

The Companies Act, 2013 further provides that the Board of every company referred to, in to which Section 135(1) applies, shall ensure that the Company spends, in every

financial year, at least two percent, of the average net profits of the Company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy;

Provided that the Company shall give preference to the local area and areas around it operates, for spending the amount earmarked for CSR activities;

Provided further that, if the Company fails to spend such amount, the Board shall, in its report made under clause (o) of the sub-section (3) of the section 134, specify the reasons for not spending the amount and, unless the unspent amount relates to any ongoing project, transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

Provided also that if the Company spends an amount in excess of the requirements provided under this sub-section, such company may set off such excess amount against the requirement to spend under this sub-section for such number of succeeding financial years and in such manner, as may be prescribed.

4. **Definitions

In this Policy unless the context otherwise requires:-

- a) 'Act' means the Companies Act, 2013;
- b) '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 program;
- c) 'Corporate Social Responsibility' means Corporate Social Responsibility (CSR) as defined in Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014;
- d) 'Ministry' means the Ministry of Corporate Affairs
- e) 'Net Profit' means net profit as defined in Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014 as set out below:

Net Profit as per financial statements 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;

Provided that in case of a foreign company covered under these rules, net profit means the net profit of such company as per profit and loss account prepared in terms of clause (a) of sub-section (1) of Section 381, read with Section 198 of the Act;

- f) “Ongoing Project” means a multi-year project undertaken by a Company in fulfillment 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.

As per definition, Ongoing project = Project already commenced + multi-year project whose duration is not less than one year but not exceeding 3 years.

- g) Words and expressions used in this CSR Policy and not defined herein but defined in the Act shall have the meaning respectively assigned to them in the Act.

5. Scope of CSR Activities

In accordance with the requirements under the Companies Act, 2013, Shetron CSR activities will focus on:

- i. Eradicating hunger, poverty and malnutrition, [“promoting health care including preventive health care”] and sanitation [including contribution to the Swach 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, agro forestry, conservation of natural resources and maintaining quality of soil, air and water;

- 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;
- vi. Measures for the benefit of armed forces veterans, war widows and their dependents;
- vii. Training to promote rural sports, nationally recognised sports, paralympic sports and olympic 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. 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.
- xii. Disaster management, including relief, rehabilitation and reconstruction activities.
- xiii. Any other area as may be prescribed by Schedule VII amended from time to time.

The following activities shall not be considered as CSR Activities:-

- i. Any activity undertaken in pursuance of its normal course of business.
- ii. Activities, programs or projects that benefit only the employees of the Company and their families.
- iii. Contribution made by the Company of any amount directly or indirectly to any political party shall not be considered as CSR activity.

6. **Annual spends/Allocation of Funds

The Company would endeavor to spend not less than 2 % of the average Net Profits of the Company made during the three immediately preceding financial years.

The amount would be calculated as per the Regulations. All reasonable efforts will be made to ensure that the annual CSR allocation is fully utilised in the respective year. However, if the Company fails to spend such amount, the Board of Directors shall, in its

report under clause (o) of sub-section (3) of section 134 of the Act, shall specify the reasons for not spending the amount and, unless the unspent amount relates to any ongoing project referred to in sub-section (6), transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

Since the CSR expenditure for FY 2022-23 is less than Rs. 50 lakhs the Company is not required to constitute a CSR Committee. The Board of Directors will be ensuring proper oversight and supervisions for such programs and projects undertaken by the entity from time to time.

The tax treatment of CSR spend will be in accordance with the Income Tax Act, 1961 as may be notified by Central Board of Direct Taxes (CBDT).

7. Terms of Reference:

- i. The Board shall formulate a 'Corporate Social Responsibility Policy' ('CSR Policy') which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
- ii. The Board shall consider and approve the amount of expenditure to be incurred on the activities referred in the CSR Policy.
- iii. The Board shall monitor the CSR Policy of the Company from time to time.
- iv. The Board shall review the CSR Projects/Initiatives from time to time.
- v. The Board will also undertake such additional activities as the Board may from time to time determine or as may otherwise be required by law.

8. Contribution for CSR Activities

- i. The Board of the Company 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, calculated in accordance with the relevant Sections of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.
- ii. If the Company fails to spend such amount the Board shall, in its report specify the reasons for not spending the amount;
- iii. In no case, the surplus arising out of the CSR activities shall form a part of "business profits" of the Company.
- iv. The Company shall undertake its CSR activities only within India.
- v. The Company shall give preference to the local area and areas around it where it operates for spending the amount earmarked CSR activities;

CSR Expenditure –

CSR expenditure shall include all expenditure including contribution to corpus, for projects or programs relating to CSR activities approved by the Board, but does not

include any expenditure on an item not in conformity or not in line with activities which fall within the purview of Schedule VII of the Act.

9. Governance

The Board shall review periodic reports. The Company through a registered trust or a registered society can undertake CSR activities as per the provisions of the Companies Act, 2013. Registered Trust undertakes due diligence and identifies research and project implementation partners. Project implementation partner submits a proposal with a project plan with actions, deliverables, impact measure indicators and financials.

The Company may also collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the CSR Committees of the respective companies are in a position to report separately on such projects or programs.

10. **Reporting

The Company shall ensure that necessary details of its CSR initiatives are mentioned in the Board Report of the relevant financial year and on the Company's website in the prescribed format.

11. Amendment in CSR Policy:

Any modification/amendment in the CSR Policy shall be carried out by the Board of Directors of the Company.

This Policy will be communicated to all operational employees and other concerned persons of the Company and shall be placed on the website of the Company at www.shetron.com.

For Shetron Limited

**Sd/-
Diwakar Sanku Shetty
Executive Chairman**
