



SKY INDUSTRIES LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY

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1. INTRODUCTION

Corporate Social Responsibility (CSR) at our Company goes beyond business and extends to the implementation of socially relevant activities for the benefit of society at large.

This Policy is made in accordance with the requirements of the Companies Act 2013 ("the Act") and Companies (Corporate Social Responsibility Policy) Rules 2014.

2. VISION AND POLICY STATEMENT

CSR is the Company's contribution to social and economic development of the local community in which we operate and to society at large. We commit to spend a minimum of 2% of the average net profits for the preceding three financial years on CSR activities. The Board of Directors of the Company ("Board") through its CSR Committee will plan and monitor the expenditure of CSR activities.

The CSR Committee will annually recommend the CSR programmes and projects needs to the Board for its approval. The activities undertaken in the normal course of business and for the welfare of its employees and their families will not be a part of CSR activities.

3. APPLICABILITY

- ❖ This CSR Policy has been formulated in consonance with Section 135 of the Act, read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended ("CSR Rules") notified by the Ministry of Corporate Affairs, Government of India. This Policy shall apply to all CSR projects / programmes undertaken by the Company in India as per Schedule VII of the Act, for the time being in force.
- ❖ This Policy will be applicable to Sky Industries Limited ("the Company") to which the provisions of the Act apply or continue to apply.
- ❖ The CSR Committee of the Company would determine the Annual CSR Expenditure and evaluate the CSR proposals.
- ❖ As per section 135(9) of the Act, where the amount to be spent by a company under sub-section (5) does not exceed fifty lakh rupees, the requirement under sub-section (1) for constitution of the Corporate Social Responsibility Committee shall not be applicable and the functions of such Committee provided under this section shall, in such cases, be discharged by the Board of Directors of such company.

4. DEFINITIONS

- ❖ "Act" means Companies Act, 2013 including any Statutory modification or re-enactment thereof;
- ❖ "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;

- ❖ “Board” means Board of Directors of the Company.
- ❖ “Corporate Social Responsibility” 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 provision contained in these rules, but shall not include the following, namely:
 - a) activities undertaken in pursuance of normal course of business of the company;
 - b) 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;
 - c) contribution of any amount directly or indirectly to any political party under section 182 of the Act;
 - d) activities benefitting employees of the company;
 - e) activities supported on sponsorship basis for deriving marketing benefits;
 - f) activities carried out for fulfilment of any other statutory obligations under any law in force in India;
- ❖ “CSR Committee” means Corporate Social Responsibility Committee of the Board;
- ❖ “CSR Policy” means a statement containing the approach and direction given by the Board, 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;
- ❖ “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, to which the provisions of the Schedule to the said Act apply;
- ❖ “Net Profit” means the net profit of a company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following:
 - g) any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and
 - h) any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act
- ❖ “On-going Project” means a multi-year project undertaken by the 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

5. CSR PROGRAMMES AND PROJECTS

The Company's commitment to CSR projects and programmes will be by investing resources into any of the following areas as prescribed under schedule VII of the Act.

The focus areas of the Company for CSR expenditure are as under:

- ❖ Promotion of education and employment-enhancing vocational skills;
- ❖ Eradicating hunger, poverty and malnutrition;
- ❖ Promotion of healthcare including preventive healthcare;
- ❖ Ensuring environmental sustainability and animal welfare including measures for reducing inequalities faced by socially & economically backward groups;
- ❖ Other focus areas as may be reviewed and included by CSR Committee, from time to time, in line with provisions of Act and in line with the emerging societal circumstances and in consideration of changing national priorities of the government.

In the event of any unforeseen circumstances such as earthquakes, floods, tsunamis etc. the CSR Committee may decide to support CSR initiatives through NGOs under the project program model and covered under the Schedule VII of the Act relating to CSR activities.

6. IMPLEMENTATION

The Company's CSR programmes will be identified and implemented according to the approved CSR Policy.

- ❖ The Company's CSR programmes shall be undertaken by the company itself or through the following entities holding a CSR Registration Number:
 - a) a company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company; or
 - b) a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or
 - c) any entity established under an Act of Parliament or a State legislature; or
 - d) a company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

Explanation: For the purpose of clause (c), the term “entity” shall mean a statutory body constituted under an Act of Parliament or State legislature to undertake activities covered in Schedule VII of the Act.’.

- ❖ The CSR Committee may engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per the Company’s CSR policy as well as for capacity building of Company’s personnel.
- ❖ The CSR Committee may also approve collaboration 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 CSR Rules.
- ❖ The Board of a Company shall satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.
- ❖ In case of on-going project, the Board of a 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.
- ❖ The implementing agency, engaged by the Company should be covered under Rule 4 (1) of the Rules and registered with Central Government and should be in possession of unique CSR Registration Number. The implementing agency should be credible and should have the ability to execute the project or programme effectively. The disbursement by the Company to the implementing agency should be made only upon receipt of proposal along with budget and implementation schedule, and in tranches in order to ensure that the amount does not lie unspent with the implementing agency.
- ❖ The implementing agencies shall keep the Company informed about any information or circumstances that will affect the ability of the agency to carry out the CSR project or programme.
- ❖ The outcome of impact assessment and progress reports submitted will be taken into consideration while engaging the implementation agencies for subsequent CSR projects and programmes and while finalizing the annual action plan for the subsequent year.

7. CSR COMMITTEE

❖ **Composition:**

In compliance with the CSR Rules, the composition of the CSR Committee of the Board of Directors of the Company shall be as under:

- a) The CSR Committee of the Board of Directors will comprise Three Directors;
- b) Two Committee Members shall be Independent Directors; and

❖ **Roles and Responsibilities:**

The Committee shall:

- c) Decide the CSR activities to be taken up by the Company in accordance with this Policy;
- d) Decide the amount to be allocated for each project or activity;
- e) Oversee and monitor the progress of the initiatives rolled out under this Policy; and
- f) Submit a report to the Board of Directors on all CSR activities undertaken during the financial year;
- g) formulate and recommend to the Board, the plan in pursuance of its CSR policy, which shall include the following, namely:-
 - i. the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
 - ii. the manner of execution of such projects or programmes as specified in CSR Rules;
 - iii. the modalities of utilisation of funds and implementation schedules for the projects or programmes;
 - iv. monitoring and reporting mechanism for the projects or programmes; and
 - v. details of need and impact assessment, if any, for the projects undertaken by the company;

Provided that the Board may alter such plan at any time during the Financial Year as per the recommendation of the CSR Committee based on the reasonable justification to that effect.

❖ Frequency of Meetings:

The Committee shall endeavour to meet at least twice in a financial year to review policies, discuss the budget and strategy, review project progress and set the direction for the future.

8. CSR EXPENDITURE

- ❖ The Board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.
- ❖ Any surplus arising out of the CSR activities shall not form part of the business profit of the Company and shall be dealt with in accordance with the Act and Rules.
- ❖ Where a company spends an amount in excess of 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, as mentioned above;
- b) the Board of the company shall pass a Resolution to that effect.
- ❖ The CSR amount may be spent by a Company for creation or acquisition of a capital asset, which shall be held by:
 - a) 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:
- ❖ Transfer of unspent CSR amount. - "In case the Company fails to spend such amount, the unspent amount shall be dealt with in accordance with the provisions of the Act and Rules and requisite explanation shall be provided in the Board's Report"

9. MONITORING AND REPORTING

- ❖ Monitoring of the CSR activities may include:
 - a) Periodic third party assessment of key programs, if required; and
 - b) Reporting the Board periodically on CSR expenditure and amount earmarked for projects on an individual basis.
- ❖ The Budget for CSR initiatives shall be prepared in accordance with section 135 of the Act, or other statutory enactments.
- ❖ CSR Projects will be undertaken based to the best possible extent on the recommendation of the CSR Committee within the defined thrust areas.
- ❖ Project support will depend on the scale of the project and its feasibility. The Board will evaluate the project progress.
- ❖ The CSR report shall also be included in the Board's report as required by the Act.
- ❖ Surplus arising out of CSR activity, if any, will not form part of business profits of the Company.
- ❖ The corpus of the CSR Fund would include:
 - c) 2% of the average net profits of the Company made during the three immediately preceding financial years.
 - d) Any income arising therefrom.

e) Surplus arising out of the above activities.

- ❖ All CSR activities covered under this Policy shall be carried out within India and preference shall be given to local area and areas around it where the Company operates.

10. CSR REPORTING

- ❖ The Board's Report of a Company covered under these rules pertaining to any financial year shall include an Annual Report on CSR containing particulars specified in CSR Rules.
- ❖ If the company is having an 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, of 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.
- ❖ The impact assessment reports, if applicable, shall be placed before the Board and shall be annexed to the annual report on CSR.
- ❖ The Company undertaking impact assessment may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed two per cent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is higher.

11. REPORTING AND DISCLOSURE

The CSR Committee shall report to the Board of the Company. The Composition of the CSR Committee, CSR projects approved by the Board and this Policy shall be disclosed on the website of the Company, for public access.

Annual report on CSR Activities shall be included in the Board's Report forming part of Company's Annual Report

12. REVIEW OF THE POLICY

Amendments to the CSR Policy, if any, shall be considered by the Board of Directors of the Company. This Policy has been made as per the provisions of the Act and the Rules made thereunder ('Applicable law'). Any amendments in the Applicable Law, including any clarifications/ circulars of relevant regulator, if mandatory, shall be read with this Policy such that the Policy shall automatically reflect the contemporaneous Applicable Law at the time of its implementation.
