

# CSR POLICY

## INTRODUCTION

**SATRAC Engineering Private Limited** is India's leading Trailer and Truck body Manufacturer which produces a wide range of high quality heavy commercial vehicles designed specifically for the Indian terrain and offers comprehensive end-to-end solutions for the Indian transport industry.

SATRAC Engineering Private Limited (hereby referred to as 'The Company') has formulated this Corporate Social Responsibility Policy (hereby referred to as 'The CSR Policy') in accordance with Section 135 of the Companies Act 2013 and the Companies (Corporate Social Responsibility) Rules, 2014 (hereby collectively referred to as the 'Act' in this CSR Policy) notified by the Ministry of Corporate Affairs, Government of India.

*This policy has been approved by the Board on 15.12.2023. The effective date of this policy shall be 15.12.2023.*

## AIMS & OBJECTIVES

**SATRAC** is primarily committed to improving the lives of the communities in which it operates in a sustainable way. It aspires to be a responsible Corporate Citizen, by contributing to nation building through its CSR Projects / Programs, in true letter and spirit.

The CSR Vision of the Company is to build relationships of trust with local communities, society and stakeholders as good corporate citizens and to contribute to developing a sustainable society for future generations.

The main objective of the CSR Policy is to lay down guidelines for the Company to make CSR as one of its key focus areas to enable the Company to make a positive contribution to society through effective impact and sustainable development programs. This Policy covers the proposed CSR activities to be undertaken by the Company that are in line with the Companies Act, 2013 as amended from time to time and includes strategy that defines plans for future CSR activities.

## SCOPE & COVERAGE

The CSR activities of the Company shall include, but not limited to any or all the sectors/activities as may be prescribed by Schedule VII of the Companies Act, 2013 amended from time to time. Further, the Company will review the sectors/activities from time to time and make additions/ deletions/ clarifications to the above sectors/activities.

## **CSR COMMITTEE**

Pursuant to the provisions of Section 135 of the Act, the Board of Directors shall constitute the Corporate Social Responsibility (CSR) Committee. The Members of CSR shall be appointed by the Board of Directors of the Company which must consist of at least two Directors.

The terms of reference of CSR Committee shall, inter-alia, include the following:

- a. To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as per the Companies Act, 2013.
- b. To recommend CSR activities as stated under Schedule VII of the Act.
- c. To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the company.
- d. To implement, monitor and review the CSR policy of the Company from time to time.
- e. Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

The CSR Committee shall submit periodical reports to the board of directors as and when required.

## **MEETINGS OF THE COMMITTEE**

For smooth functioning of the Committee, the members shall meet as below to discuss such matters and to take such decisions as may be necessary.

1. The CSR Committee shall hold a minimum number of one meeting in a year.
2. The members of the Committee may mutually agree between them regarding time and place for the said meetings.
3. The quorum for the CSR Committee Meeting shall be one-third of its total strength (any fraction contained in that one-third be rounded off as one) or two members, whichever is higher.
4. The Members of the Committee may participate in the meeting either in person or through video conferencing or other audio-visual means as may be convenient.

## **RESPONSIBILITY OF THE BOARD**

- a) Approve the CSR Policy and the CSR Expenditure after taking into consideration the recommendations made by the CSR committee.
- b) Ensure the CSR spending every financial year of at least 2% of average net profits made during immediately preceding 3 financial years, in pursuance with the Policy.
- c) Ensure disclosure of the contents of the CSR Policy on the Company's website if any.
- d) Preparation of annual report on the CSR in the prescribed format as per the Companies Act, 2013.

## **CSR FUND**

The Companies Act, 2013 prescribes that the companies which meet the criteria specified U/s. Sec. 135 shall allocate 2% of the average net profit during the preceding 3 financial years on CSR activities that fall under the categories specified under Schedule VII of the Act.

## **CSR EXPENDITURE**

CSR Expenditure shall mean all expenditure incurred in respect of specific projects/programs relating to the approved CSR activities.

CSR Expenditure shall not include expenditure on an item not in conformity or not in line with activities which fall within the purview of the CSR activities under the categories specified under Schedule VII of the Act.

The surplus arising out of the CSR activities or projects shall not form part of the business profit of the Company and will be invested back into CSR Projects 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 six months of the expiry of the financial year.

Any amount spent in excess of requirement provided under the Companies Act, such excess amount may be set off against the requirement to spend up to immediate succeeding three financial years subject to the conditions that –

- the excess amount available for set off shall not include the surplus arising out of the CSR activities,
- the Board of the Company shall pass a resolution to that effect.

Where any Corporate Social Responsibility (CSR) fund remains unspent at the end of any financial year, unless the same relates to any ongoing project, the company shall transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year. Any CSR fund remaining unspent at the end of any financial year and relates to any ongoing project undertaken by a company in pursuance of its CSR Policy, shall be transferred by the company within a period of thirty days from the end of the financial year to a special account to be opened by the company in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account, and such amount shall be spent by the company in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of three financial years from the date of such transfer, failing which, the company shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year.

However, if the Company ceases to be covered under sub-section (1) of Section 135 of the Act for three financial years, then it shall not be required to comply with the provisions laid down under sub-section (2) to (5) of the said section, till such time it meets the criteria specified in sub-section (1) of the Act.

## **IMPLEMENTING AND MONITORING CSR ACTIVITIES**

The implementation and execution of the CSR activities/projects shall be carried out through the Company's CSR committee. The Company shall undertake the CSR activities directly or through various implementing agencies such as, NGO's, non-profit organizations, etc. Such implementing agencies shall have an established track record as prescribed under the law.

The Company may collaborate with other companies for undertaking the CSR projects/programs subject to fulfilment of separate reporting requirements as prescribed in the Rules.

The Company shall give preference to conducting CSR activities in the State wherein the Company has/will have its operations. However, the Committee may identify such areas other than stated above, as it may deem fit, and recommend it to the Board for undertaking CSR activities.

To ensure that the objectives of CSR Policy are being met in an efficient and effective manner, the utilisation of the amount sanctioned towards CSR Activities should be reported by the Implementation Group to the Board as well the CSR Committee on an annual basis in such manner as the Board may direct.

Upon receipt of such progress report by the Implementation Group, the CSR Committee may review and deliberate upon such reports and provide such inputs or recommendations, as it may deem necessary, to the Board. Notwithstanding anything to the contrary, the Board shall not be obliged to comply with the recommendations of the CSR Committee.

## **ANNUAL CSR PLAN**

The Annual CSR Plan is a yearly plan of CSR activities that would be placed before the Board of Directors of the Company based on recommendation of its CSR Committee which outlines inter alia the following aspects of CSR initiatives of the Company:

- Project Proposals
- Targeted Beneficiaries and their key needs
- Alignment with Schedule VII
- Project Goals and milestones
- Activities and Timelines including expected closure dates.
- CSR Budget with projections
- Monitoring mechanism
- Progress reporting and frequency of reports
- Risks and mitigation strategies
- Any other information as may be required by the CSR Committee

Pursuant to Schedule VII of the Act and the CSR Rules, the Company shall undertake CSR activities included in its Annual CSR Plan, as recommended by the CSR Committee. The Committee is authorized to approve any modification to the existing Annual CSR Plan or to propose any new program during the financial year under review.

## **CSR REPORTING**

As per the CSR Rules, the contents of the CSR Policy shall be included in the Directors' Report and the same shall be displayed on the Company's website, if any along with other information as may be required to be displayed.

The Board in its Annual Report shall also include the details of the CSR activities undertaken in the Financial Year.

The CSR Committee shall provide an annual report on the implementation and monitoring of the CSR Policy and that it is in compliance with CSR objectives of the Company, which statement shall form part of the Boards' Report.

#### **AMENDMENTS**

The Policy may be reviewed and amended from time to time.

#### **DISCLOSURE**

All disclosures, display and reporting requirement related to CSR shall be made in accordance with the provisions of the Act and Rules made thereunder.