

CORPORATE SOCIAL RESPONSIBILITIES (CSR) POLICY

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1. Preamble:

Corporate Social Responsibility is the responsibility of the corporates towards the society at large for giving in return something back to the society. India being a developing country, is the combination of different type of people with varied standards of living. On one hand, it is one of the fastest growing economy in the world and on the other hand it has largest number of slums. Corporate social Responsibility is a first step towards minimizing such contradiction and instability among people. Corporate Social Responsibility policy is a policy and a way to pay back to the society which corporate organizations have used for the development of themselves along with the society.

Shivam Chemicals Limited (hereinafter referred to as the “Company” or “SHIVAM”.) strongly believes in sustainable development. Company is committed to conduct its business in a socially responsible, ethical and environmental friendly manner and to continuously work towards improving quality of life of the society in its operational area and from preliminary stage.

SHIVAM through its CSR initiative will continue to strive to enhance value creation in the society.

2. Objective and CSR Vision:

CSR in India earlier has been seen as philanthropic activity. CSR encompasses the idea of corporate governance, sustainable wealth creation and advocacy for goals of community. The new provisions of Companies Act, 2013 has put the formal responsibility on companies to set out clear framework and process to ensure strict compliances of Corporate Social Responsibility.

The main objective of the Policy is to establish the basic principles and the general framework of action for the management to be undertaken towards fulfilment of its Corporate Social Responsibility.

3. Scope of CSR Activities:

The Policy recognizes that corporate social responsibility is not merely compliance; it is a commitment to support initiatives that measurably improve the lives of underprivileged by one or more of the following focus areas as notified under Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014:

- i. Eradicating hunger, poverty & malnutrition, promoting preventive health care & sanitation & making available safe drinking water;
- ii. Promoting education, including special education & employment enhancing vocation skills especially among children, women, elderly & the differently unable & livelihood enhancement projects;
- iii. Promoting gender equality, empowering women, setting up homes & hostels for women & orphans, setting up old age homes, day care centres & such other facilities for senior citizens & measures for reducing inequalities faced by socially & economically backward groups;
- iv. Reducing child mortality and improving maternal health by providing good hospital facilities and low cost medicines;
- v. Providing with hospital and dispensary facilities with more focus on clean and good sanitation so as to combat human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases;
- vi. Ensuring environmental sustainability, ecological balance, protection of flora & fauna, animal welfare, agro forestry, conservation of natural resources & maintaining quality of soil, air & water;
- vii. Employment enhancing vocational skills
- viii. Protection of national heritage, art & culture including restoration of buildings & sites of historical importance & works of art; setting up public libraries; promotion & development of traditional arts & handicrafts;
- ix. Measures for the benefit of armed forces veterans, war widows & their dependents;
- x. Training to promote rural sports, nationally recognized sports, sports & Olympic sports;
- xi. Contribution to the Prime Minister 's National Relief Fund or any other fund set up by the Central Government for socio-economic

development & relief & welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities & women;

- xii. Contributions or funds provided to technology incubators located within academic institutions, which are approved by the Central Government;
- xiii. Rural development projects, etc
- xiv. Slum area development.

4. CSR Committee:

Composition:

As per Section 135 of Companies Act, 2013 and rules made thereunder, the Board of Directors of the Company shall form the Corporate Social Responsibility Committee (CSR Committee) consisting of three or more Directors out of which at least one shall be Independent Director, to carryout the functions as mentioned in the Section 135 of the Companies Act,2013 and rules made thereunder.

(*Note: The Committee has been constituted with the existing Board Members for the compliance of the Companies Act, 2013 and rule made thereunder and the same will be reconstituted after the appointment of the Independent Director on the Board of the Company.)

Functions of the Committee:

- (i) To formulate and recommend to the Board, Corporate Social Responsibility Policy indicating activities to be undertaken as specified in the prescribed schedule VII.
- (ii) To recommend the amount of expenditure to be incurred on the activities referred to in the point above;
- (iii) Spend the allocated CSR amount on the CSR activities/projects once it is approved by the Board of Director of the Company in accordance with the Act and the CSR Rules;
- (iv) Create transparent monitoring mechanism for implementation of CSR Initiatives;
- (v) Submit the Reports to the Board in respect of the CSR activities undertaken by the Company;
- (vi) To recommend to the Board, modifications of CSR Policy as and when required.

Meeting:

The Committee shall hold meeting as and when required, to discuss various issues on implementation of the CSR Policy of the Company.

5. Responsibility of Board of Directors

- Approving the CSR Policy as formulated by the CSR Committee, subject to necessary changes/modifications as the Board may deem fit.

- Ensuring that in each financial year the Company spends at least 2% of the average net profit* of the Company made during the three immediately preceding financial years in accordance with the provisions of section 135 of the Companies Act, 2013 and the Rules made thereunder.

*Average net profit shall be calculated in accordance with provisions of section 198 of the Companies Act, 2013 and rules made thereunder.

- Ensuring that every financial year funds committed by the Company CSR activities are utilized effectively.
- Disclosing in its Annual Return the names of CSR Committee members, the content of CSR Policy and ensure annual reporting of its CSR activities on the Company website.
- In case the Company fails to spend the above targeted amount in that particular financial year, the Committee shall submit a report in writing to the Board of Directors specifying the reasons for not spending the amount which in turn shall be reported by the Board of Directors in their Board Report for that particular financial year.

6. **CSR Budget:**

- (i) Each year budget for CSR activities shall be as decided by the Board on the recommendation of CSR Committee.
- (ii) The actual budget shall be such that the Company spends at least 2 % of the average net profit of the Company made during the three immediately preceding financial years.
- (iii) The total budget amount for the year shall be distributed on projects as a percentile or fixed amount as may be decided by the Board.

7. **CSR Planning**

The CSR Committee shall formulate an Annual CSR Plan in line with Schedule VII of the Companies Act, 2013 and the Company shall undertake CSR activities included in its Annual CSR Plan, as recommended by the CSR Committee at the beginning of each year. The Committee is authorized to approve any modification to the existing Annual CSR Plan or to propose any new program during the financial year.

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 the following aspects of CSR initiatives of the Company:

- Tailor-made CSR activities/projects depending upon allocated spend and geographical presence.
- Details of CSR activities/projects to be undertaken through welfare society.
- Partnering with other Welfare Society/NGO/agencies/companies/firms etc.
- Targeted Beneficiaries & their key needs.

- Alignment with Schedule VII.
- Activities and Timelines including expected closure dates
- CSR Budget with projections
- Monitoring Mechanism
- Progress reporting and frequency of reports
- Any other information as may be required by the CSR Committee.

8. Implementation:

The Company may decide to undertake CSR activities directly or through a Registered Trust or a Registered Society or a company established by the Company under section 8 Companies Act, 2013 (erstwhile section 25 of the Companies Act, 1956) provided that –

- (i) If such trust, society or company is not established by the Company or its holding, subsidiary or associate company, it shall have an established track record of three years un undertaking similar programs or projects.
- (ii) The Company shall specify the project or programs to be undertaken through these entities, modalities of utilisation of funds on such project and programmes.

9. Monitoring & Reporting of CSR Activities

- a. To ensure effective implementation of the CSR programmes undertaken at each work centre, a monitoring mechanism will be put in place by the work centre head.
- b. The progress of CSR programme under implementation at work centre will be reported to corporate office on a monthly basis.
- c. The report on progress on the CSR programme undertaken by the Company will be put forward to the CSR Committee with full details of cost incurred and result achieved on a regular basis.
- d. Work centres will try to obtain feedback from beneficiaries about the programs implemented at the area.
- e. Appropriate documentation of the Company's CSR activities, executing partners, and expenditure entailed will be undertaken on a regular basis.
- f. CSR initiatives of the Company will be reported in the Annual Report of the Company & the Board's Report in compliance with Section 135 and rules made thereunder.

10. Format for the Annual Report on CSR Activities to be included in Board Report

[Annexure -II]

Format for the Annual Report on CSR Activities to be Included in the Board's Report For Financial Year Commencing on or After 1st Day of April, 2020

1. Brief outline on CSR Policy of the Company.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set-off for the financial year, if any (in Rs)
1			
2			
3			
	Total		

6. Average net profit of the company as per section 135(5).

7. (a) Two percent of average net profit of the company as per section 135(5)

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.

(c) Amount required to be set off for the financial year, if any

(d) Total CSR obligation for the financial year (7a+7b-7c).

8. (a) CSR amount spent or unspent for the financial year:

	Amount Unspent (in Rs.)
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Total Amount Spent for the Financial Year. (in Rs.)	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Project duration.	Amount allocated for the project (in Rs.).	Amount spent in the current financial Year (in Rs.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State.	District.						Name	CSR Registration number.
1.												
2.												
3.												
	Total											

(c) Details of CSR amount spent against **other than ongoing projects** for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Amount spent for the project (in Rs.).	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State.	District.			Name.	CSR registration number.
1.									
2.									
3.									
	Total								

(d) Amount spent in Administrative Overheads

(e) Amount spent on Impact Assessment, if applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e)

(g) Excess amount for set off, if any

Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	
(ii)	Total amount spent for the Financial Year	
(iii)	Excess amount spent for the financial year [(ii)-(i)]	
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs.).	Date of transfer.	
1.							
2.							
3.							
	Total						

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in Rs.).	Amount spent on the project in the reporting Financial Year (in Rs.).	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project - Completed /Ongoing.
1								
2								
3								
	Total							

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year

(Asset-wise details).

- (a) Date of creation or acquisition of the capital asset(s).
- (b) Amount of CSR spent for creation or acquisition of capital asset.
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.
- (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).

Sd/- (Chief Executive Officer or Managing Director or Director).	Sd/- (Chairman CSR Committee).	Sd/- [Person specified under clause (d) of sub-section (1) of section 380 of the Act] (Wherever applicable).
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11. Conclusion:

In case of any doubt with regard to any provision of the policy and also in respect of matters not covered herein, a reference to be made to CSR Committee. In all such matters, the interpretation & decision of the Committee shall be final.

Any or all provisions of the CSR Policy would be subject as may be issued from Government, from time to time.

The CSR Committee reserves the right to modify, add or amend any of provisions of this policy subject to approval of the Board.