

STAR DELTA TRANSFORMERS LIMITED

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

Effective from: 01/04/2021

INTRODUCTION

The Board of Directors (the “Board”) of Star Delta Transformers Limited (the “Company or Star Delta”) has adopted the following policy with regard to Corporate Social Responsibility of the Company as defined below. The Company seeks to formulate a robust CSR Policy which encompasses its philosophy and guides its sustained efforts for undertaking and supporting socially useful programs for the welfare & sustainable development of the society.

Star Delta Transformers Limited Corporate Social Responsibility (CSR) Policy was first adopted by the Board at its Meeting held on March 27, 2015. Further Board amended the policy on February 13, 2020. Board then on the recommendation of CSR policy, further amended the policy on February 12, 2021 which will be effective from April 1, 2021 to align with the Companies (CSR Policy) Amendment Rules, 2021.

SCOPE AND OBJECTIVE:

This Policy is framed, in accordance with the requirement of Section 135 of the Companies Act 2013 read with Companies (Corporate Social Responsibility) Rules, 2014 including all statutory modifications / amendments made thereof.

Star Delta Transformers Limited (“Company”) is committed to its stakeholders–government, investors, shareholders, associates, community, environment, employees and their families – to conduct its business in a responsible manner that creates a sustained positive impact. The main objective of CSR policy to make CSR a key business process for sustainable development of the society and also to strive for economic development that positively impacts the society at large with a minimal resource footprint.

DEFINITIONS

The terms defined in this CSR Policy shall have the meanings herein specified and terms not defined shall have the meanings as defined in the Companies Act, 2013 and Companies (Corporate Social Responsibility) Rules, 2014 including any statutory modifications or re-enactments thereof

- (i) “Act” means the Companies Act, 2013.
- (ii) “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;
- (iii) “Board” means the Board of Directors of the Company.
- (iv) “Board’s Report” shall mean report of the Board of Directors prepared in accordance with section 134(3) of the Companies Act, 2013.
- (v) “Company” means Star Delta Transformers Limited, a Company incorporated under the Companies Act, 1956.
- (vi) “CSR” means Corporate Social Responsibility.
- (vii) “CSR activities” the activities or projects or programmes as recommended by the CSR Committee and approved by the Board, undertaken by the Company from time to time in any one or more of the areas falling under the Schedule VI to the Companies Act, 2013.
- (viii) “CSR Committee” means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act;

- (ix) "CSR Policy" means the Corporate Social Responsibility Policy as set out herein and as amended or modified from time to time.
- (x) "CSR Rules" means Companies (Corporate Social Responsibility) Rules, 2014.
- (xi) "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 (46 of 1947), to which the provisions of the Schedule to the said Act apply;
- (xii) "Net profit" means the net profit of the Company as calculated in accordance with Section 198 of Companies Act, 2013 t, 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;
- (xiii) "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;
- (xiv) "Public Authority" means 'Public Authority' as defined in clause (h) of section 2 of the Right to Information Act, 2005 (22 of 2005);

Words and expressions used and not defined in these policy but defined in the Act shall have the same meanings respectively assigned to them in the Act. "

CSR APPLICABILITY:

- 1) If the Company fulfills the criteria specified in sub-section (1) of section 135 of the Act shall comply with the provisions of section 135 of the Act and Companies (CSR Policy) Rules, 2014 and this CSR policy.
- 2) If the company ceases to be a company covered under subsection (1) of section 135 of the Act for three consecutive financial years then it shall not be required to -
 - (a) constitute a CSR Committee; and
 - (b) comply with the provisions contained in sub-section (2) to (6) of the said section,
 till such time it meets the criteria specified in sub-section (1) of section 135.

CSR ACTIVITIES:

The Company shall undertake the Corporate Social Responsibility (CSR) activities as recommended by the CSR committee and approved by the Board in accordance with the provisions of Section 135 of the Companies Act, 2013 read with Schedule VII and Companies (CSR Policy) Rules, 2014, but 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 fulfillment of any other statutory obligations under any law in force in India;

CSR IMPLEMENTATION:

- 1) The Board of a company, on the basis of approval of CSR Committee, shall ensure that CSR activities are undertaken by the company itself or through –
 - (a) A company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 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, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.
 - (e) A 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 these rules
- 2) The Board shall ensure that every entity covered under point (1) above shall be registered with the Central Government to undertake CSR activity and should have a unique CSR Registration Number with them.
- 3) A company may engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy as well as for capacity building of their own personnel for CSR.
- 4) 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.
- 5) In case of ongoing 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.”.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

- (i) The CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy, which shall include the following, namely:-
 - (a) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
 - (b) the manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4 of The Companies (Corporate Social Responsibility policy) Rules, 2014.
 - (c) the modalities of utilisation of funds and implementation schedules for the projects or programmes;
 - (d) monitoring and reporting mechanism for the projects or programmes; and
 - (e) details of need and impact assessment, if any, for the projects undertaken by the company:

Provided that Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.]

(ii) COMPOSITION OF CSR COMMITTEE:

The Composition of CSR Committee shall be same as Constituted/re-constituted by Board from time to time in accordance with Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

Details of Composition of the CSR Committee is available at the website of the Company at investor section at <http://www.stardeltatransformers.com/other-disclosures.php>.

(iii) TERMS OF REFERENCE:

The terms of reference of the Corporate Social Responsibility Committee shall include the following:

1. Formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company in areas or subject, specified in Schedule VII of the Companies Act, 2013.
2. Review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the company;
3. Monitor the CSR policy of the Company from time to time;
4. 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.

CSR EXPENDITURE:

- 1) If CSR is applicable on the Company as per Section 135(1) of Companies Act, 2013, the Board shall ensure that the company spends at least two per cent. (2%) 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 where it operates, for spending the amount earmarked for Corporate Social Responsibility activities.

- 2) Where the company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of 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.
- 3) Any amount remaining unspent under above point 1, pursuant to any ongoing project, undertaken by a company in pursuance of its Corporate Social Responsibility 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.
- 4) where a company spends an amount in excess of requirement provided under point 1 above, such excess amount may be set off against the requirement to spend under sub-section (5) of section 135 of the Act, up to immediate succeeding three financial years subject to the conditions that –
 - (i) the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any.
 - (ii) the Board of the company shall pass a resolution to that effect.
- 5) 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 six months of the expiry of the financial year.
- 6) The board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.
- 7) 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 or;
 - (b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
 - (c) a public authority:
- 8) Subject to provisions of sub-section (5) of section 135 of the Act, the CSR projects or programs or activities undertaken in India only shall amount to CSR Expenditure.
- 9) Tax treatment of CSR spent will be in accordance with the Income Tax Act as may be notified by CBDT.

CSR REPORTING

- 1) The Board's Report of the company pertaining to any financial year in which CSR is applicable, shall include an annual report on CSR containing particulars as specified in Annexures as specified in Companies (Corporate Social Responsibility policy) Rules, 2014.
- 2) If in any Financial Year, company having 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 Company's 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.
- 3) The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.
- 4) The Board may book the Impact assessment expenditures towards Corporate Social Responsibility for that financial year, which shall not exceed five percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is less. ”.

INFORMATION DISSEMINATION

The Board of Directors of 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.

PENALTY:

The penalty for non Compliance under Section 135(5) & 135(6) of the Act and the provisions of this policy shall be the same as prescribed under Section 135 of the Act.

UPDATE

CSR Committee of Board will review the policy from time to time based on the changing needs and aspirations of the target beneficiaries and make suitable modifications as may be necessary.

For Star Delta Transformers Limited

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Kishore Gupta (DIN: 00014205)

Chairman & Managing Director