

**CORPORATE SOCIAL RESPONSIBILITY  
("CSR") POLICY OF**

**SAKTHI FINANCE LIMITED**

**Revised Policy approved by Board of Directors on  
13th December 2019**

## **1 PREFACE**

- 1.1 Sakthi Finance Limited or the Company ("SFL" or "the Company") believes in the conduct of its affairs in a fair and transparent manner by adopting the highest standards of professionalism, honesty and integrity.
- 1.2 Section 135 of the Companies Act 2013, dealing with Corporate Social Responsibility, has become operational from 1st April 2014. The Section has prescribed that the Corporate Social Responsibility Committee (**CSR Committee**) has to formulate and recommend to the Board a Corporate Social Responsibility Policy.
- 1.3 Accordingly, based on the recommendation of CSR Committee, a Corporate Social Responsibility Policy (**CSR Policy**) has been formulated with a view to provide the scope for the CSR Committee to deal with the matters which are prescribed under the Companies Act 2013 and the Listing Agreement.
- 1.4 The CSR Policy will be placed on the Company's website at **[www.sakthifinance.com](http://www.sakthifinance.com)**.

## **2 PRIMARY OBJECTIVES**

- 2.1 The primary objective of Corporate Social Responsibility is the commitment of the company to contribute for sustainable economic development and social welfare of the Society at large like education, health, water, environment and community welfare.

## **3 COMPOSITION**

- 3.1 The CSR Committee shall consist minimum of three Directors as members of the Committee, out of whom one member will be an Independent Director.
- 3.2 The members of CSR Committee shall elect a Chairman from amongst themselves.
- 3.3. The Chairman of CSR Committee may be an Independent Director.
- 3.4 The Chairman of CSR Committee may be present at Annual General Meeting to answer shareholder queries, if any.

## **4 SECRETARY**

- 4.1 Company Secretary shall act as Secretary to the CSR Committee.

## **5 MEETINGS**

- 5.1 The CSR Committee shall meet at such intervals as the Committee may deem necessary.

## **6 QUORUM**

6.1 Two Directors of whom one will an Independent Director.

## **7 ACTIVITIES / AREAS TO BE COVERED**

7.1. Over the years the Company or Group has been involved in a number of community-focused activities, in the areas of health, education and preservation of the country's rich culture and heritage. Continuing the tradition, it is recommended that the Company may focus primarily on the following activities to be referred to as "CSR activities":

7.1.1 Eradicating hunger, poverty and malnutrition;  
Promoting preventive and general health care, sanitation; and  
Provision of safe drinking water;

7.1.2 Promoting education including special education and employment enhancing vocation skills, especially among children, women, elderly and the differently-abled; and Promoting livelihood enhancement projects

7.1.2 Promoting gender equality;  
Empowering women;  
Setting up of homes, hostel 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

7.1.4 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

7.1.5 Protection of national heritage, art and culture, including restoration of buildings and sites of historical importance and works of art;  
Setting up public libraries; and

Promotion and development of traditional arts and handicrafts

7.1.6 Measures for the benefit of armed forces veterans, war widows and their dependents

7.1.7 Training to promote:

- Rural Sports
- Nationally recognized Sports
- Para-Olympic Sports

- Olympic Sports

#### 7.1.8 Contributions to:

- The Prime Minister's National Relief Fund; or
- Any other fund set up by the Central Government for socio economic development and relief and welfare of SC/ ST/OBC, minorities and women

#### 7.1.9 **Contribution to incubators funded by Central Government or State Government or any agency or Public Sector Undertaking of Central Government or State Government, and contributions to public funded Universities, Indian Institute of Technology ("IITs"), National Laboratories and Autonomous Bodies (established under the auspices of Indian Council of Agricultural Research ("ICAR"), Indian Council of Medical Research ("ICMR"), Council of Scientific and Industrial Research ("CSIR"), Department of Atomic Energy ("DAE"), Defence Research and Development Organisation ("DRDO"), Department of Science and Technology ("DST"), Ministry of Electronics and Information Technology) engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals ("SDGs");**

#### 7.1.10 Contributing to rural development projects; and

#### **7.1.11 Disaster management, including relief, rehabilitation and reconstruction activities.**

#### 7.1.12 Such other activities and projects covered in Schedule VII to the Companies Act 2013 from time to time.

### **8 MODALITIES AND IMPLEMENTATION SCHEDULE FOR EXECUTION OF PROJECTS OR PROGRAMS OR CSR ACTIVITIES**

#### 8.1 The Company will undertake its CSR activities:

8.1.1 either directly or through a Trust or through a Registered Society or establish another company under Section 8 of the Companies Act 2013 or even to collaborate with other entities.

8.1.2 by contributing to eligible projects.

### **9 EXPENDITURE**

9.1 The Company shall endeavour to spend, in every financial year at least two per cent (2%) of the average net profits of the Company made during the three (3) immediately preceding financial years for CSR Activities.

For this purpose, "average net profit" shall be calculated in accordance with Section 198 of the Companies Act 2013, after deducting the dividends that may be received from companies in India which are covered under and complying with the provisions of Section 135 of the Companies Act 2013.

- 9.2 The Company will give preference to the local area(s) in and around our offices in India.
- 9.3 The Company may use their own personnel in executing the CSR activities and also effectively monitoring it. Any payment to be made to such personnel shall not exceed 5% of total CSR expenditure of the company in one financial year.

## **10 MONITORING PROCESS**

- 10.1 The CFO / Company Secretary shall submit a report to the CSR Committee annually about the end-use of contributions made.

## **11 CSR REPORTING**

- 11.1 Board's Report shall include an Annual Report on CSR containing particulars as specified in the Companies Act 2013 and the rules relating to it.
- 11.2 If no amount is spent on CSR Activities, the reason for not spending two per cent (2%) of the average net profit shall be reported in the Boards' Report.

## **12 REVIEW OF CSR POLICY**

- 12.1 The CSR Policy will be reviewed by the CSR Committee / Board to update the policy based on the regulatory changes from time to time.