

Sara Sae Private Limited

-An ISO-9001 Certified Company

CORPORATE SOCIAL RESPONSIBILITY POLICY



INDEX

SL. NO.	PARTICULARS	PG NO.
1.	About the Company	3
2.	Introduction and Legal Framework	3-4
3.	Definitions	3-4
4.	CSR Vision	4
5.	Policy	4-5
6.	Roles and Responsibilities	5-7
7.	CSR Expenditure	7
8.	CSR Activities	8-9
9.	Structure of conducting CSR	9
10.	Monitoring and Reporting	10-11
11.	Amendment to CSR policy	11



ABOUT THE COMPANY

Sara Sae Private Limited ("the Company") was incorporated as Sara Services and Engineers Private limited in the year 1980. National Oilwell Varco Asia Inc. (NOV) divested their 76% shareholding in the company in August 2011, after which the company was renamed as **Sara Sae Private Limited**. Currently, the Company is Subsidiary of Ekasaai Services Private Limited.

The Company is a Manufacturer of a diverse range of oilfield equipment for oil drilling Companies. Capital Product involves Manufacture of blow out preventer unit, control unit, test unit, manifolds and tongs whereas commodity product involves manufacture of flanges, gaskets, rings, joints etc.

INTRODUCTION: ABOUT CSR

Corporate Social Responsibility is not a new concept in India, however, the Ministry of Corporate Affairs, Government of India has notified Section 135 of the Companies Act, 2013 on 27th February, 2014 w.e.f. 01st April, 2014 along with Companies (Corporate Social Responsibility Policy) Rules, 2014 "hereinafter CSR Rules" and other notifications related thereto which makes it mandatory (with effect from 1st April, 2014) for certain companies who fulfil the criteria as mentioned under Sub Section 1 of Section 135 to comply with the provisions relevant to Corporate Social Responsibility.

As mentioned by United Nations Industrial Development Organization (UNIDO), CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives ("Triple Bottom-Line- Approach"), while at the same time addressing the expectations of shareholders and stakeholders.

LEGAL FRAMEWORK

As per the provisions of Section 135 of the Companies Act, 2013 (herein after referred as 'The Act') read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, including any amendment or re-enactment thereof,

Every Company, having

- i. Net worth of INR 500,00,00,000/- (Indian Rupees Five hundred crores) or more, or
- ii. Turnover of INR 1000,00,00,000/- (Indian Rupees One thousand crores) or more
or
- iii. a Net Profit of INR 5,00,00,000/- (Indian Rupees Five crores) or more

during the immediately preceding financial year shall constitute a Corporate Social Responsibility Committee of the Board and shall ensure that the Company spends in every

financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years towards the specified CSR activities in pursuance of its Corporate Social Responsibility Policy.

Provided further that where the amount to be spent by a company does not exceed Indian Rupees Fifty Lakh rupees, the requirement 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.

DEFINITION

(a) **"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 programmes.

(b) **"CSR Policy"** means a statement containing the approach and direction given by the board of a company, 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.

(c) **"CSR Committee"** means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act.

(d) **"Ongoing Project"** means a multi-year project undertaken by a 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.

(e) **"Act"** means the Companies Act, 2013.

CSR VISION

"To support responsible and sustainable initiatives, while taking care of the concern for People, Planet and Profit."

5. POLICY

- I. **Governing Law:** The Policy has been formulated in accordance with section 135 of the Act and the programs align to the causes/beneficiaries as listed in Schedule VII of the Act.

- II. **Applicability:** The Policy is applicable to all CSR activities undertaken by the Company in India including by its branch offices and all employees of the Company across India.
- III. **Budget and Expenditure:** As mandated by the Act and the Rules, the Company will, in every financial year, spend at least 2% of the average net profits made during the three years immediately preceding the current financial year towards CSR activities as envisaged in this Policy.

The CSR expenditure will include all expenditure, direct and indirect, such as contributing to a corpus or on projects or programs relating to CSR activities approved by Board (defined below) on the recommendation of CSR Committee (defined below) but will not include any expenditure on any activity which is not in conformity with or falling outside the purview of the Act or the Rules. Also, surplus if any, arising out of the CSR projects or programs or activities shall not form part of the business profit of a company.

- IV. **CSR Spend Exclusion:** The total expenditure incurred towards administrative overheads including salary paid to the employees engaged in CSR activities should not exceed 5% of the total CSR expenditure attributable for the relevant financial year. The expenditure incurred above 5% of CSR expenditure on administrative overheads shall not form part CSR expenditure.

6. ROLES AND RESPONSIBILITIES

6.1 Board of Directors: The Board of Directors of the Company (Board) shall be responsible for the following:

- a. Constituting the CSR Committee;
- b. Approving the CSR expenditure budget presented by CSR Committee, for CSR Activities of the Company;
- c. Disclosing in its report the composition of the CSR Committee, the content of the Policy and the annual report on CSR activities of the Company in the format prescribed under the Rules as amended from time to time.
- d. Ensuring that the Company adheres to the budget and expenditure for CSR activities as prescribed under the Act and Rules;
- e. Ensuring that the activities included in the Policy are related to the activities included in Schedule VII of the Act; and
- f. Ensuring that the activities included in the Policy are undertaken by the Company.

- g. The Board of Directors of the Company shall, after taking into account the recommendations of CSR Committee, approve the CSR Policy for the Company and disclose the composition of the CSR Committee, and CSR Policy and projects approved by the Board on the Company's website, if any, for public access;

6.2 CSR Committee:

6.2.1 Applicability: *As per Section 135 (9) of Companies Act 2013, Where the amount to be spent by the Company does not exceed Fifty Lakh rupees, the requirement for constitution of Corporate Social Committee shall not be applicable and the function of such committee be discharged by the Board of Directors of the Company. Board of Directors shall perform all the functions of CSR Committee till the applicability of Committee as per the act.*

6.2.2 Constitution: The CSR Committee (including Sub-Committee) will be constituted or re-constituted by the Board of Directors of the Company in the following manner:

- a. If there is no requirement to appoint Independent Director in the Company, then the CSR Committee shall be constituted of **two or more Directors;** or
- b. If there is requirement to appoint Independent Director in the Company, then the CSR Committee shall be constituted of **three or more Director,** out of which at least one Director shall be an Independent Director;

Note:

- i. CSR committee includes Sub-Committee;
- ii. Constitution includes re-constitution.

6.2.3 The Board empowers the CSR Committee:

- a. To formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act;
- b. To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the Company;
- c. To monitor the CSR Policy of the Company from time to time;
- d. 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.

6.2.4 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 the rules;
- 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.

The CSR Committee may form any sub-committee(s) for management, implementation and execution of Corporate Social Responsibility Activities of the Company subject to approval of the Board.

6.2.5 The Board/CSR Committee shall also be responsible for the following:

- a. modifying the Policy from time to time in accordance with the provisions of the Act and the Rules;
- b. recommending the amount of expenditure to be incurred by the Company on CSR activities (in accordance with the limits prescribed under the Act and the Rules);
- c. instituting a transparent monitoring mechanism for implementation of the CSR activities undertaken by the Company;
- d. reviewing the CSR activities of the Company at the end of the year; and
- e. any other matter related to the CSR activity of the Company.
- f. The CSR Committee will also ensure that the CSR activities to be undertaken by the Company detailed in the Policy do not include activities undertaken by the Company in its normal course of business.

7. 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.

- a. Any surplus arising out of the CSR activities:
 - shall not form part of the business profit of the Company and shall be ploughed back into the same project; or
 - shall be transferred by the company to the Unspent CSR Account and spent in pursuance of the 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.
- b. Any excess amount may be set off against the requirement to spend up to immediate succeeding 3 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, if any, in pursuance of sub-rule (2) of this rule;
 - the Board of the company shall pass a resolution to that effect.
- c. The CSR amount may be spent by a company for creation or acquisition of a capital asset, which shall be held by -

- 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
- beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
- a public authority

8. CSR ACTIVITIES

The CSR activities of the Company will focus on values and goals as defined by the Company and as per the **Schedule VII**.

The Company shall undertake specific corporate social responsibility (CSR) activities, as approved from time to time by the Board in its capacity as the CSR Committee of the Company, within one or more of the following CSR categories:

- i. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.
- ii. promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- iii. promoting gender equality, empowering women, setting up homes and hostels 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.
- iv. ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.
- v. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries: promotion and development of traditional art and handicrafts;
- vi. measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows;
- vii. training to promote rural sports, nationally recognised Sports, Paralympic Sports and Olympic sports

- viii. contribution to the prime minister's national relief fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;
- ix. a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by Central Government or State Government or Public Sector Undertaking or any agency of Central Government or State Government, and

b) Contributions to public funded Universities; Indian Institute of Technology (IITs), National Laboratories and Autonomous Bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs)
- x. rural development projects
- xi. slum area development.

Explanation: For the purposes of this item, the term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law, for the time being in force.

XII. disaster management, including relief, rehabilitation and reconstruction activities.

All CSR activities shall be carried out only in India. No specific CSR activities shall be undertaken in pursuance of normal course of business of the Company.

In furtherance of specific CSR activities, the Company may collaborate with NGOs and other like-minded stakeholders, including other companies, registered trusts and societies, in order to leverage upon the collective expertise, wisdom and experience that such relationships may bring.

9. STRUCTURE FOR CONDUCTING CSR

The Board shall ensure that the 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.

The 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.

The 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.

The Board shall satisfy itself-that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and the person responsible for financial management shall certify to the effect.

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.

10. MONITORING AND REPORTING

Under the direction of the Board, the Company shall implement a monitoring mechanism over the Company's CSR activities. Such monitoring mechanism shall, among other things, make transparent the manner and details of the implementation of all CSR activities undertaken by the Company.

On an annual basis, the Board shall report to relevant stakeholders on the Company's CSR activities and related matters, as required by CSR Requirements.

The Board's Report of the company of every financial year shall include an annual report on CSR containing particulars, as applicable.

If, at any point of time, the Company has average CSR obligation of ten crore rupees or more, in the three immediately preceding financial years, the Company 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 shall be placed before the Board and shall be annexed to the annual report on CSR.

A company undertaking impact assessment may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed five percent of the total CSR expenditure for the financial year or fifty lakh rupees, whichever is less.

11. AMENDMENT TO CSR POLICY

- i. The Board/ committee shall review this CSR policy on a periodic basis and shall update it as necessary or appropriate (subject to the approval of Board, if applicable) to ensure that it reflects CSR requirements as well as the current interests of the company and relevant stakeholders.
- ii. CSR Policy can also be revised or amended in accordance with the guidelines as may be issued by the Government, from time to time.
- iii. The Board may review the policy from time to time based on changing needs and aspirations of the target beneficiaries and make suitable modifications, as may be necessary.