



SHERA[®]

**CORPORATE SOCIAL RESPONSIBILITY
POLICY
OF
SHERA ENERGY LIMITED**

{Framed under section 135 of the Companies Act, 2013 read
with Corporate Social Responsibility Policy Rules, 2014}

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Introduction:

In conformity with the requirements laid down under The Companies (Corporate Social Responsibility Policy) Rules, 2014 (hereinafter referred to as the “CSR Rules”) issued by the Ministry of Corporate Affairs (“MCA”), Government of India under Section 135 of the Companies Act, 2013 (“the Act”) and amendment thereto, Corporate Social Responsibility Policy (“the CSR Policy”) has been framed by Shera Energy Limited (the Company).

Shera Energy Limited (hereinafter referred to as “the Company”), recognizes the impact it has on communities in which it operates and believes that it has a tremendous opportunity to change the lives of these communities and aims to be a trusted partner contributing to the social, economic and environmental progress of India. As part of its dedicated approach to create economic opportunity in the communities in which it operates, the Company has been contributing its time, expertise and resources to help communities and undertaking a series of initiatives that are locally relevant.

MEANING OF CORPORATE SOCIAL RESPONSIBILITY (CSR)

The term "Corporate Social Responsibility (CSR)" can be referred as corporate initiative to assess and take responsibility for the company's effects on the environment and impact on social welfare. The term generally applies to company's efforts that go beyond what may be required by regulators or environmental protection groups.

APPLICABILITY

Section 135(1) of the Companies Act, 2013 notifies that the Companies having Net worth of INR 500 Crores or more; or Turnover of INR 1000 Crores or more; or Net Profit of INR 5 Crores or more during the immediately preceding financial year shall be required to constitute a Corporate Social Responsibility Committee of the Board "hereinafter CSR Committee".

The Company covered under the Section 135(1) shall be required to do following activities:

1. The Company shall be required to Constitute Corporate Social Responsibility Committee of the Board. The CSR Committee shall be comprised of three or more directors, out of which at least one director shall be an independent director, if there is any independent director in the company.
2. The Company shall be required to prepare Corporate Social Responsibility Policy.
3. The Company shall disclose the compositions of the CSR Committee and other details as specified in Corporate Social Responsibility Rules, 2014 in the Board's report.

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4. The Company shall spend, 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, in pursuance of its Corporate Social Responsibility Policy.

CSR Object:

The Company firmly believes that CSR is primarily, the responsibility of the Company in relation to the impact of its decisions and activities on the society and also the environment, through a transparent and ethical behaviour which is:

- Consistent with sustainable development and welfare of society,
- Takes into account the expectations of stakeholders,
- Is in compliance with applicable laws, and
- Is uniformly integrated and practiced throughout the Company.

Scope:

In furtherance of its CSR objects, the following are covered under this Policy:

- CSR activities implemented by the Company on its own,
- CSR activities implemented by the Company through its Trust / Society / Section 8 Company registered under section 12A and 80G of Income Tax Act, 1961
- CSR activities of the Company through Agencies.

Definitions: As per the Companies Act, 2013 and rules made thereunder (including any amendment or re-enactment thereof).

CSR Area:

While the Company is eligible to undertake any suitable/rightful activity as specified in Schedule VII of the Act, however, at present, it proposes to undertake the relevant activities on priority basis in the following three Thrust Areas:

1.1 Community health care, sanitation and hygiene, including, but not limited to:

- (1) Establishment and management of state-of-the-art healthcare infrastructure with high level of excellence.
- (2) Providing financial and/or other assistance to the Agencies involved in exclusive medical research, public health, nursing etc.
- (3) Providing financial assistance to deserving people for specialized medical treatment in any medical institution.
- (4) Activities concerning or promoting:
 - a. General health care including preventive health care
 - b. Safe motherhood
 - c. Child survival support programs
 - d. Health / medical camps
 - e. Better hygiene and sanitation
 - f. Adequate and potable water supply, etc.

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1.2 Education and knowledge enhancement, including, but not limited to:

- (1) Establishment and management of educational and knowledge enhancement infrastructure.
- (2) Providing financial and/or other assistance to the needy and/or deserving students.
- (3) Providing financial assistance to any Agency involved in education, knowledge enhancement and sports.
- (4) Facilitate enhancement of knowledge and innovation in the educational agencies.
- (5) Contribution to technology incubators located within academic institutions which are approved by the Central Government.

1.3 Social care and concern, including, but not limited to:

- (1) Creating Public awareness
- (2) Protection and upgradation of environment including ensuring ecological balance and related activities.
- (3) Rural development projects
- (4) Others:
 - Establishment and management of orphanages, old age homes, Sanatoriums, Dharmashalas and institutions of similar nature.
 - Providing assistance to institutes of credibility involved in areas of social care, including:
 - Preservation of heritage
 - Animal welfare, social welfare and related matters
 - Orphanages, old age homes, Sanatoriums, Dharmashalas and institutions of similar nature.
 - Other humanitarian activities.

Identification of CSR Projects:

CSR Projects need to be identified and planned for approval of the CSR Committee, in particular in Thrust Areas, with estimated expenditure and phase wise implementation schedules. The Company shall ensure that in identifying its CSR Projects, preference shall be given to the local area and areas around which the Company (including its Units) operates. However, this shall not bar the Company from pursuing its CSR Projects in other areas. As a cardinal principle, the CSR Projects in Thrust Areas, shall be identified on the basis of a detailed assessment survey.

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CSR BUDGET:

The Board of Company shall ensure that in each financial year, the Company spends 2% of the average net profit made during the immediate three preceding financial years. The unutilized CSR budget from the 2% of the average net profit will be parked in a CSR Fund (Corpus) created by the company. This Fund would also include any income arising there from and any surplus arising out of CSR activities. In case of any surplus arising out of CSR projects the same shall not form part of business Profits of the Company. The Company may collaborate or pool resources with other companies (its subsidiary Companies) to undertake CSR activities.

Implementation of CSR Projects

The Company shall implement the identified CSR Projects by the following means:

I. Direct Method

1. The Company may itself implement the identified CSR Projects presently within the scope and ambit of the Thrust Areas as defined in the Policy;
2. The Company may also implement the identified CSR Projects through Trust and/ or Society and/ or Section 8 Company which is involved in CSR activities, within the scope and ambit of the Thrust Areas as defined in the Policy.
3. The Company, may collaborate with other companies, including its Group Companies if required, for fulfilling its CSR objects through the direct method, provided that the CSR Committees of respective companies are in a position to monitor separately such CSR Projects.

II. Indirect Method

1. The Company may implement the identified CSR Projects through Agencies, subject to the condition that:
 - The activities pursued by the Agency are covered within the scope and ambit of Schedule VII of the Act provided
 - The Agency has an established track record of at least three years in undertaking similar programs or projects, and
 - The Company has specified the Project to be under taken through the Agency which shall preferably be in Thrust Areas, the modalities of utilization of funds on such Projects and the monitoring and reporting mechanism which shall be as per CSR Norms.
2. The Company, may collaborate with other companies, including its Group Companies if required, for fulfilling its CSR objects through the indirect method provided that the

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CSR Committees of respective companies are in a position to monitor separately such Projects.

CSR Committee:

The CSR Committee shall consist of the following directors:

1. SHEIKH NASEEM (MANAGING DIRECTOR), CHAIRMAN;
2. SHIVANI SHEIKH (WHOLE-TIME DIRECTOR DIRECTOR), MEMBER;
3. VEKAS KUMAR GARG, (INDEPENDENT DIRECTOR), MEMBER;
4. ARPIT KUMAR DOTASRA (INDEPENDENT DIRECTOR) MEMBER;

Formulating and recommending to the Board of Directors, the CSR Policy and indicating activities to be undertaken recommending the amount of expenditure for the CSR activities and monitoring CSR activities from time to time.

Monitoring of CSR Projects:

Monitoring process for CSR Projects shall include the following:

- Evaluation of Planned progress V/s Actual Progress
- Actual expenditure V/s expenditure as per Approved Budget
- Chief Financial Officer of the Company to certify that the funds so disbursed have been utilized for the purposes and in the manner as approved by the Board

Fund allocation and others:

A. Fund allocation

1. The Company, in every Financial Year, shall endeavor to spend the feasible amount, which shall not be restricted by the statutory limit of a specified percentage of its average net profits of the immediately preceding three Financial Years. However, the aforementioned expenditure in any financial year shall be at least 2% of the average Net profits of the Company for the three immediately preceding financial years. Amount spent in excess of requirement of 2% may be set-off against the requirement to spend under the Act up to immediate succeeding three financial years subject to approval of the Board.

The CSR Committee shall prepare and recommend to the Board Annual Action Plan and Budget for implementation of CSR Projects. The Board shall consider and approve the Annual Action Plan and Budget recommended by the CSR Committee and based on reasonable justification, may alter above plan at any time during the financial year after considering the recommendation of the CSR Committee.

2. In case the Company fails to spend the statutory minimum limit of 2% of Average Profits

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the Company of the immediately preceding three financial years, in any given financial year, the Board shall specify the reasons for the same in its report and unless the unspent amount relates to any Ongoing Project, transfer such unspent amount to a Fund specified in Schedule VII of the Act, within a period of six months of the expiry of the financial year. Further, unspent CSR funds of ongoing projects will be transferred within a period of 30 days from the end of the financial year to a special account opened by the company in any scheduled bank called the "Unspent Corporate Social Responsibility Account". Such amount shall be spent by the company towards CSR within a period of 3 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 30 days from the date of completion of the third financial year.

B. MONITORING PROCESS:

The Company will receive requests for funding of projects throughout the calendar year.

1. The Company panel of experts will evaluate proposals received under the focus areas and projects will be prioritized by assessing their impact and will then forward its recommendations to the CSR Committee. The CSR Committee will deliberate on the proposals and approve proposals for implementation at its discretion.
2. The administrative overhead $\leq 5\%$ of total CSR expenditure of the Company for the financial year is permitted.
3. The surplus out of CSR activity was anyway prohibited to form part of business profits of the 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, within a period of six months of the expiry of the financial year.
4. Where a Company spends an amount in excess of requirement, such excess amount may be set off against the CSR spending requirement 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,
 - (ii) The Board of the Company shall pass a resolution to that effect.
5. 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

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(b) Beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities;
or

(c) Public authority:

6. For existing capital assets -this has to be complied within 180 days or additional period of 90 days with the approval of Board

C. Impact Assessment

1. The Company shall undertake Impact Assessment (IA), through an independent agency, of the CSR Projects having outlays of one crore rupees or more, and which have been completed at least one year before undertaking the impact study.
2. Impact Assessment Reports shall be placed before the Board and shall be annexed to the annual report on CSR.
3. The Company may book the Impact Assessment expenditure towards CSR 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.

D. Others

The CSR Committee shall ensure that major portion of the CSR expenditure in the Annual Action Plan shall be for the Projects in the Thrust Areas. However, there shall not be any preference given to any particular Thrust Area for budgetary allocation and it shall be made purely as per the identified CSR Projects on need basis.

1. The Chairman of the Company is authorized to decide on Projects to be implemented through the Indirect Method within the allocation as per the Annual Action Plan.
2. Any surplus arising out of the CSR Projects shall not form a part of the business profit of the Company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of this Policy and Annual Action Plan or transfer such surplus amount to a Fund specified in Schedule VII of the Act, within a period of six months of the expiry of the financial year.
3. Administrative overheads shall not exceed 5% of the total CSR expenditure of the Company in one financial year.

Duties and responsibilities:

➤ Board of Directors

The Board shall consider and approve Annual Action Plan and Annual CSR Budget and modification, if any based on the recommendation of CSR Committee. The Board shall decide whether a CSR Project is to be considered as an Ongoing Project based on reasonable justification to that Effect. The Board shall ensure implementation of CSR Projects if these are implemented through Implementation Agency (ies). The Board shall include in its

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Report an annual report on CSR Projects as per the format provided in the Act. The Board shall satisfy itself that the funds disbursed have been utilized 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. In case of Ongoing Project, the Board shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and may make modifications for smooth implementation of the project within the overall permissible Time. The Board to decide on whether to set-off excess amount spent on CSR activities or not. The Board shall ensure that the composition of the CSR Committee, CSR Policy and CSR Projects approved are displayed on the website of the Company. The Board shall ensure compliance of CSR Policy, section 135 of the Act and Rules made thereunder.

➤ **CSR Committee**

- i. The Committee to prepare Annual Action Plan of CSR Projects to be undertaken in pursuance of CSR Policy and recommend the same to the Board with Annual CSR Budget.
- ii. The CSR Committee shall monitor the implementation of CSR Policy and Annual Action Plan. For this purpose, the CSR Committee shall meet at least twice a year.
- iii. In discharge of CSR functions of the Company, the CSR Committee shall be directly responsible to the Board for any act that may be required to be done by the CSR Committee in furtherance of its statutory obligations, or as required by the Board.
- iv. The CSR Committee shall place before the Board the draft annual report on CSR as per the format prescribed in the Action the Board meeting in April/May of the following year for the review and finalization.

➤ **DISCLOSURES ON WEBSITE:**

Company shall mandatorily disclose the following on their website, if any, for public access:

1. The composition of the CSR Committee
2. CSR policy
3. Projects approved by the Board.

CARRYFORWARD OF EXCESS CSR CONTRIBUTION:

In case Company spends an amount in excess of the statutory requirements of the CSR obligation then Company may set off such excess amount against the requirement to spend under this sub-section upto immediate succeeding three (3) financial years and in such manner, as prescribed in CSR rules.

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TRANSFER OF UNSPENT CSR AMOUNT:

If the Company fails to spend the CSR obligation then the Board shall specify the reasons for the same and Analyze the “unspent” amount. If and to the extent it pertains to “ongoing project” - transfer the unspent amount in a separate bank account [unspent CSR account] - within 30 days of the end of Financial Year. Or else, transfer unspent amount to National Unspent Fund, within 6 months of the end of the financial year.

Review Periodicity and amendment:

Annual Action Plan may be revised/modified/amended by the Board based on the recommendation of the CSR Committee at such intervals as it may deem fit. In case of any statutory modification or amendment or alteration in the provisions of the Act, the newly modified/amended/altere d provisions of the Act shall be deemed to be implemented in the policy immediately with effect from the date of the statutory notification for modification / amendment / alteration etc. The amended policy should be placed before the Committee and Board within reasonable time for approval / consideration.
