



Corporate Social Responsibility Policy

SUNDARAM BRAKE LININGS LIMITED

SUNDARAM BRAKE LININGS LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY (Effective from 1st April, 2021)

I. BACKGROUND

Corporate Social Responsibility (“CSR”) embodies the various initiatives and programs of the Company in the communities and environment in which Company operates. It represents the continuing commitment and actions of the Company to contribute towards economic and social development and growth.

Sundaram Brake Linings limited is committed to maintaining high standards of corporate social responsibility (CSR) in its business activities. The CSR refers to organisation’s commitment to operate in such a manner that integrates economic, social and environment requirements into their activities.

This CSR Policy focuses on addressing critical social, environmental and economic needs of the marginalized/underprivileged sections of the society with an approach to integrate the solutions to these problems to benefit the communities at large and create social and environmental impact.

II. OBJECTIVE

The CSR Policy of the Company has been formulated and adopted in terms of Section 135 of the Companies Act, 2013 (“the Act”) and the Rules made thereunder. The Company will undertake CSR activities specified in Schedule VII to the Act (Annexure - A).

III. IMPORTANT DEFINITIONS:

1. “**Rules**” under this Policy means Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021
2. “**Net profit**” means the net profit of a company as per its financial statement prepared in accordance with the applicable provisions of the Act, 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.

3. “**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.

4. **“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.
5. **“On Going Projects”** 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.

IV.CONSTITUTION OF CSR COMMITTEE

The Board of Directors of the Company shall constitute a CSR Committee of Directors comprising of at least three directors out of which one being an Independent Director.

V. RESPONSIBILITIES OF CSR COMMITTEE:

CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy in consonance with the long term vision and strategy of Company in respect of CSR activities, which shall include the following, namely:

- The list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
- The manner of execution of such projects or programmes as specified in sub-rule (1) of Rule 4 of the CSR Rules 2021;
- The modalities of utilization of funds and implementation schedules for the projects or programmes;
- Monitoring and reporting mechanism for the projects or programmes; and
- Details of need and impact assessment, if any, for the projects undertaken by the company.
- Recommend to the Board any alteration of the Annual Action plan at any time during the financial year, based on the reasonable justification to that effect.

VI. CSR IMPLEMENTATION

The Board shall ensure that the CSR activities are undertaken by the company itself or through -

- 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
- 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

- any entity established under an Act of Parliament or a State legislature; or
- 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.

VII. CSR ACTIVITIES:

- The contribution will be made for any CSR activities undertaken within India.
- The Committee will give preference to the local area and areas around it where it operates in spending the amount earmarked for CSR activities.

VIII. CSR EXPENDITURE:

a) Administrative Overheads:

The Board to ensure that the administrative overheads expenses not to exceed 5% of the total CSR expenditure of the Company in any financial year.

b) Surplus from the CSR Activities:

Any Surplus arising out of the CSR activities shall not be a part of the business profit of the Company. Such surplus shall be used on the followings within a period of 6 months of the expiry of the financial year:

- Ploughed back into the same project.
- Transferred to the Unspent CSR Account; and
- Spend in pursuance of the CSR policy and the annual action plan of the Company
- Transfer such surplus amount to fund specified under Schedule VII of the Act.

c) Excess CSR Spent:

In case of an amount spent in excess of requirement provided under sub-section (5) of section 135, such excess amount may be set-off against the requirement to spend up to immediate succeeding 3 financial years subject to the conditions that;

- a) the excess amount available for set off will not include surplus arising from CSR Activities; and
- b) the Board to pass a resolution to that effect.

d) Creation or Acquisition of Capital Assets

The CSR amount can be spent for creation or acquisition capital assets which shall be held by:

- a) a company established under section 8 of the Act or Registered Public Trust or Registered Society, having Charitable objects and CSR Registration Number under the Rules; or
- b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
- c) Public authority

IX. RESPONSIBILITY OF BOARD OF DIRECTORS:

The role of the Board of Directors with respect to CSR is as under:

- ❖ Review and approve the recommendations of CSR Committee mentioned as per Clause-V of this Policy and as per the amended rules and regulations and responsibilities notified from time to time.
- ❖ To approve the CSR projects or programmes that are recommended to be undertaken in areas or subjects specified in the Act; along with the manner of execution of such projects or programmes as specified in the Act;
- ❖ To ensure that the funds are utilized for approved purpose and shall be certified by the Chief Financial Officer (CFO) or the person responsible for financial management.
- ❖ To monitor the implementation of ongoing projects and make modifications in such projects to ensure smooth implementation of the project within permissible time period.
- ❖ To review and approve the Annual Action Plan in pursuance of the CSR Policy of the Company and make any Alteration to such Plan at any time during the financial year, as may be recommended by the CSR Committee; and
- ❖ Ensure that the Company spends in every financial year, at least two percent of the average net profits made during the three immediately preceding financial years of the Company on CSR activities;
- ❖ In case of excess CSR Spends in any year, to approve and pass a resolution to the effect that the excess amount may be set off against the requirement to spend in the three immediate succeeding financial years.
- ❖ **Impact Assessment:** In the event of the average CSR obligation of the Company in the 3 immediately preceding financial years being Rs.10 Crore or more as under:
 - To undertake **Impact Assessment** through an **Independent Agency** for all projects having outlay of 1 Crore or more which have been completed not less than 1 year before undertaking the impact study.

- To consider and approve the impact assessment reports which shall be annexed to the annual report on CSR.
- To consider and approve the Cost of the Impact Assessment which shall be the lesser of 5% of CSR Expenditure or Rs 50,00,000/-.

X. DISBURSEMENT OF CSR AMOUNT

The CSR Committee will decide on the budget allocation for CSR Projects and Programmes and the instalments for disbursement of amount and recommend the same to the Board for its approval.

XI. DUE DILIGENCE BEFORE IMPLEMENTATION

Apart from Direct Spending on CSR, While undertaking any project or program with other organizations, the Company will undertake due diligence to evaluate the their reputation, track record, capacity and competency, including organization structure, requisite permits and licenses, presence in desired geography and compatibility with the CSR Policy and satisfy itself that the entities in the list of eligible entities through which the company shall undertake the CSR Project or Programme are registered with the Central Government as required under the CSR Rules in this behalf.

As per the CSR amendment (Rule 4(2) of CSR Rules, 2021) provides that The eligible entities through which the company has undertaken the CSR Project or Programme will require to register itself with the Central Government by filing electronically e-Form (CSR-1) with effect from 1st April, 2021 and get the unique CSR Registration Number generated by the system automatically.

XII. REPORTING AND DISSEMINATION OF INFORMATION

A detailed status report as per the format specified in rules on Corporate Social Responsibilities and amendments made thereunder from time to time, the CSR activities and projects approved by the Board for carrying CSR activities by Sundaram Brake Linings Limited will be disclosed every financial year as part of the Board's Report in the Annual Report. The said information will also be uploaded on the website of the Company.

Sundaram Brake Linings Limited would upload Composition of CSR Committee, its CSR Policy, and Projects approved by the Board on its website www.tvbrakelinings.com

XIII. TRANSFER OF UNSPENT AMOUNT OF CSR

Unspent amount of CSR, if any, is required to transfer the unspent amount within a period of six months of the expiry of the financial year to a Fund specified in Schedule VII, unless the unspent amount relates to any on-going project referred to in sub-section 135(6);

An amount remaining unspent under sub-section (5), pursuant to any ongoing project, fulfilling such conditions as may be prescribed, 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.

XIV. REVIEW AND REVISION

The Board shall review this Policy on annual basis and may review and make necessary revisions or changes in this policy at any time, if required.

XV. MISCELLANEOUS

SBL reserves the right to modify, cancel, and / or amend any of the provisions of this policy in accordance to the prevailing statute.

This policy has been framed in compliance to the provisions of Section 135 the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 and approved by the Board of Directors in its meeting held on 12th Aug, 2021 based on the recommendations of the Members of Committee of Corporate Social Responsibility on its meeting held on 11th Aug, 2021.

ANNEXURE- A
Activities specified in Schedule-VII

Activities which may be included by companies in their Corporate Social Responsibility Policies
Activities relating to: -

- 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 the Central Government or State Government or Public Sector Undertaking or any agency of the 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.

Note: Pursuant to the amendment(s) in rules on Corporate Social Responsibilities and notified from time to time, the additions/deletions to the activities under this schedule - VII will get into effect accordingly.

ANNUAL ACTION PLAN FOR SPENDING ON CORPORATE SOCIAL RESPONSIBILITIES FOR THE FINANCIAL YEAR 2021-22

Date of Creation	11th Aug, 2021
Date of Modification	NIL
Amendment No	NIL

Recommended by the members of Corporate Social Responsibilities at their meeting held on	11th Aug, 2021
Approved by the board of Directors at their meeting held on	12th Aug, 2021

(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;

S. 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 (Rs in lacs).						
				State	District							
1	<p>Providing educational charts to Single Teacher School Students.</p> <p>A set of educational chart (inclusive of 9 charts for different subjects) for 502 single teacher schools each.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>Total no of set</td> <td align="center">502</td> </tr> <tr> <td>Cost of 1 set of chart</td> <td align="center">Rs.450</td> </tr> <tr> <td>Total</td> <td align="center">Rs.2,25,900/-</td> </tr> </table>	Total no of set	502	Cost of 1 set of chart	Rs.450	Total	Rs.2,25,900/-	Promotion of Education	Yes	Tamil Nadu	Subject schools located in remote villages of Tamilnadu	Rs. 2,25,900
Total no of set	502											
Cost of 1 set of chart	Rs.450											
Total	Rs.2,25,900/-											
2	<p>Providing cursive writing notebooks to students.</p> <p>A set of cursive writing notebook (Inclusive of Tamil, English & Numbers writing) to 30 Numbers of student in 50 Single teacher schools each.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>No of set</td> <td align="center">1500</td> </tr> <tr> <td>Cost of 1 set of writing books</td> <td align="center">Rs. 150</td> </tr> <tr> <td>Total</td> <td align="center">Rs.2,25,000/-</td> </tr> </table>	No of set	1500	Cost of 1 set of writing books	Rs. 150	Total	Rs.2,25,000/-	Promotion of Education	Yes	Tamil Nadu	Subject schools located in remote villages of Tamilnadu	Rs.2,25,000/-
No of set	1500											
Cost of 1 set of writing books	Rs. 150											
Total	Rs.2,25,000/-											

3	Providing writing note books to students.	Promotion of Education	Yes	Tamil Nadu	Subject schools located in remote villages of Tamilnadu	Rs.3,24,000/-						
	4 number of writing notebook to 30 Numbers of student in 90 Single teacher schools each.											
	<table border="1"> <tr> <td>Total no of note books</td> <td>10,800</td> </tr> <tr> <td>Cost</td> <td>Rs. 30</td> </tr> <tr> <td>Total</td> <td>Rs.3,24,000/-</td> </tr> </table>						Total no of note books	10,800	Cost	Rs. 30	Total	Rs.3,24,000/-
	Total no of note books						10,800					
Cost	Rs. 30											
Total	Rs.3,24,000/-											

(b) THE MANNER OF EXECUTION OF SUCH PROJECTS OR PROGRAMMES AS SPECIFIED IN SUB-RULE (1) OF RULE 4;

Manner of execution and implementation of spending shall be DIRECT mode to the single teacher schools. There shall be no implementing agency engaged or involved.

(c) THE MODALITIES OF UTILISATION OF FUNDS AND IMPLEMENTATION SCHEDULES FOR THE PROJECTS OR PROGRAMMES;

Pursuant to the recommendation of Corporate social responsibility committee and approval of Board of Directors, the approved amount shall be issued/transferred by any mode of transactions (i.e., cheque or DD or RTGS or NEFT etc.) But preferably payment shall be made by issuing cheque.

The confirmation cum acknowledgement for the recipient of contribution shall be obtained from the Donee.

The detailed statement on receipt of such materials offered to each and every specified student will be obtained from the organiser, reviewed and confirmed.

The responsible authority of the company as per below shall be appointed to monitor the entire mechanism and address the deviation if any.

(d) MONITORING AND REPORTING MECHANISM FOR THE PROJECTS OR PROGRAMMES; AND

Pursuant to the recommendation of Members of CSR Committee and approved by the Board of Directors, Mr. S. Ramabadran, Chief Financial officer and Company secretary of the company shall be responsible for monitoring/Reporting the spending on CSR Programme/ Projects identified and approved to the Members of CSR Committee and the Board of Directors.

(e) DETAILS OF NEED AND IMPACT ASSESSMENT, IF ANY, FOR THE PROJECTS UNDERTAKEN BY THE COMPANY:

Average net profit of the Company for last three financial years (2018-19, 2019-20 and 2020-21) calculated in accordance with the provisions of Section 198 of the Companies Act, 2013 is Rs. 386.15 lacs.

Two percent of average net profit of the company as per section 135(5) is Rs. 7.72 lacs.

Pursuant to the amendment in Corporate Social responsibilities, the members CSR committee and Board of Directors noted that as our company does not have an 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, there is no requirement of undertaking impact assessment, through an independent agency, on 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.

Hence, undertaking impact assessment for the financial year 2021-22 is not applicable to our company.
