



Shoft

CORPORATE SOCIAL RESPONSIBILITY POLICY

I. INTRODUCTION

Shoft Shipyard Private Limited ("SSPL") is committed to operate and grow its business in a socially responsible manner. SSPL has decided to undertake various corporate social responsibility ("CSR") initiatives and will continue to do so in future.

Constitution of a CSR committee of the board of directors and formulation of a CSR policy is required under Section 135 of the Companies Act, 2013, including any modifications, amendments or re-enactment thereof (the "Act") for companies having (i) net worth of at least Rs. 500 crore; or (ii) turnover of at least Rs. 1,000 crore; or (iii) net profit of at least Rs. 5 crore, during a financial year. The net profit of SSPL in the previous financial year was more than Rs. 5 crore and accordingly, the adoption of a corporate social responsibility policy (the "CSR Policy") is required in accordance with the provisions of the Act.

Accordingly, the board of directors of SSPL (the "Board") has in its meeting held on 10th May, 2014 constituted a CSR Committee (as defined below). The CSR Committee has formulated and recommended to the Board this CSR Policy which encompasses its philosophy and guides its sustained efforts for undertaking and supporting socially useful programs.

II. DEFINITIONS

In this CSR Policy, unless the context otherwise requires;

- (a) "Agency" or "Agencies" shall mean any Trust or registered society or a company established under Section 8 of the Act by SSPL, or along with any other company or holding or subsidiary company of such other company, or otherwise; provided that (i) if such Trust, society or company is not established by SSPL or along with any other company or holding or subsidiary or associate company of such other company, it shall have an established track record of three years in undertaking programs and projects that are similar to the programs and projects that are proposed to be undertaken by SSPL pursuant to this CSR Policy; and (ii) SSPL has specified the project or programs to be undertaken through such entities, the modalities of utilization of funds on such projects and programs and the monitoring and reporting mechanism.
- (b) "Annual Plan" shall mean the annual planned CSR Expenditure as approved by the Board on the recommendation of the CSR Committee, for a particular Financial Year.
- (c) "Approved Budget" shall mean the total budget as approved by the Board of SSPL which is to be spent or utilized for CSR Activities.
- (d) "Average Net Profits" shall mean the average net profits of SSPL as defined under the Act and the Rules based on which a specific percentage for CSR Expenditure has to be calculated.
- (e) "CSR Activities" shall mean all the corporate social responsibility activities / programs / initiatives of SSPL, either ongoing or new, which are in conformity with the activities specified in Schedule VII to the Act (as amended from time to time) in and around the registered office and any other office of SSPL, wherever located in India, as recommended by the CSR Committee and approved by the Board.
- (f) "CSR Committee" shall mean the Corporate Social Responsibility Committee as constituted by the Board in accordance with the Act and the Rules, comprising of three or more Directors.
- (g) "CSR Expenditure" shall mean all expenditure on CSR Activities as recommended by the CSR Committee and approved by the Board including the following:

- (i) contributions to CSR Activities which shall be implemented and / or executed by SSPL; and
 - (ii) contributions to CSR Activities which shall be implemented through any Agency established / registered to carry on the CSR Activities as defined under and in accordance with the Rules and any circulars issued by the Ministry of Corporate Affairs.
- (h) “**CSR Officer**” shall mean a person engaged by SSPL to assist the CSR Committee to implement the CSR Activities envisaged under the CSR Policy.
- (i) “**Financial Year**” shall mean the period beginning from April 1 of every year to March 31 of the succeeding year.
- (j) “**Rules**” shall mean the Companies (Corporate Social Responsibility Policy) Rules, 2014, including any modifications, amendments or re-enactment thereof.
- (k) “**Thrust Areas**” shall mean the areas or activities described as such in this CSR Policy, as amended by the CSR Committee, from time to time.
- (l) “**Trust**” shall mean a trust formed and registered under the Indian Trust Act, 1882 and under the Income Tax Act, 1961 for those states where registration of trust is not mandatory.

III. THE CSR COMMITTEE:

In terms of the Act, the CSR Committee is required to, *inter-alia*, carry out the following functions:

- (a) formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by SSPL as specified in Schedule VII of the Act;
- (b) recommend the amount of expenditure to be incurred on the activities referred to in sub-paragraph (a); and
- (c) monitor the CSR Policy from time to time.

IV. PURPOSE

This CSR Policy extends to all the CSR Activities specified in Schedule VII of the Act and also covers additional and allied activities, as notified by Ministry of Corporate Affairs or such other body or entity, as appointed / notified by the Government of India (or any State or other authority), from time to time.

V. THRUST AREAS

While we strive to undertake all or any suitable activity as specified in Schedule VII to the Act, currently, we focus to support and implement the following activities as our Thrust Areas, as determined by the CSR Committee:

- (a) eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation, including contribution to the Prime Minister’s Relief Fund for taking up national level activities and Gujarat State schemes Mukhyamantri Shri Swatchha Nidhi for building toilet blocks;

- (b) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- (c) promoting gender equality, empowering women, improving child mortality rate and maternal healthcare;
- (d) ensuring training / reimbursement of training expenses to physically challenged sportsmen and ;
- (e) contribution 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 the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- (f) contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- (g) rural development projects.

VI. IMPLEMENTATION

Each year, the CSR Committee will identify the CSR Activities from among the Thrust Areas, Approved Budget, CSR Expenditure, implementation schedule and such other matters as may be required.

The CSR Activities will be carried out / implemented either directly by SSPL itself or, through Agencies established / registered to carry on the CSR Activities as defined under and in accordance with the Rules and any circular issued by the Ministry of Corporate Affairs.

The implementation schedule will be dependent on the availability of eligible projects or programs or activities (either new or ongoing).

VII. EXPENDITURE NOT COVERED OR RECOGNISED

- (a) The following contributions shall not be considered as CSR Expenditure:
 - (i) Contributions of any amount, whether directly or indirectly, to any political party or any person associated with a political party.
 - (ii) Amount spent, whether directly or indirectly, for the benefit of employees of SSPL and their families.
 - (iii) Expenses incurred by SSPL for the fulfillment of obligations under any act / statute or regulations (such as labour laws).
 - (iv) Expenses incurred by SSPL for one off events such as marathons / awards / charitable contribution / advertisement and sponsorships of TV programs.

- (v) Expenses incurred by SSPL for activities undertaken in pursuance of its normal course of business.
 - (vi) Other contributions / expenses not recognized under the Act / Rules as amended or modified, from time to time.
- (b) However, salaries paid by SSPL to its regular CSR staff and volunteers, if any, in proportion to SSPL's time or hours spent specifically on CSR, can be factored into CSR project cost as part of the CSR Expenditure.

VIII. FUNDING AND ALLOCATION

Following is the mode of funding and allocation of area-wise planned expenditure for the CSR Activities.

- (a) SSPL shall, in every Financial Year, contribute a statutory minimum limit of at least two per cent (2%) of its Average Net Profits made during three immediately preceding Financial Years for the CSR Expenditure.
- (b) [In the absence of Average Net Profits during three immediately preceding Financial Years, SSPL endeavors to spend such feasible amount as it may decide.]
- (c) The CSR Committee shall prepare its Annual Plan for a Financial Year for the CSR Activities, including the Thrust Areas and manner of implementation, and submit it for approval of the Board.
- (d) SSPL shall endeavor to spend the entire amount of statutory minimum contribution limit in a Financial Year. In the event, SSPL is unable to spend such amount in any given Financial Year, the Board shall specify the reasons for the same in its report to the shareholders made under Section 134(3)(o) of the Act.
- (e) SSPL can also contribute to the corpus of Agencies, in accordance with the Act and the Rules, provided such Agency has been created exclusively for undertaking CSR Activities or where the corpus is created exclusively for a purpose directly relatable to a subject covered in Schedule VII of the Act.
- (f) Any surplus arising out of CSR Activities undertaken by SSPL shall not form part of the business profits of SSPL.

IX. MONITORING MECHANISM

- (a) The CSR Officer of SSPL will coordinate / review the implementation of CSR Activities at various areas and report to the Board through the CSR Committee from time to time. The CSR Committee shall meet at least once in a year to monitor the implementation of the CSR Policy and the CSR Activities. The Committee shall ensure that the CSR Policy, as amended from time to time, is displayed on SSPL's website and disclosed in the Board's report.
- (b) The CSR Committee shall on an annual basis place before the Board its annual report on CSR Activities as per the format specified under paragraph X below. The Board shall include in its report to the shareholders, the annual report on CSR Activities as per the format specified under the Rules.

- (c) The company secretary of SSPL shall assist the CSR Committee and the Board in connection with the performance of their respective duties under the CSR Policy and under any regulations governing the CSR Activities, as amended from time to time.

X. AMENDMENTS TO THE CSR POLICY

The CSR Committee shall review this CSR Policy on a periodic basis and shall update it as necessary or appropriate (subject to approval by the Board, if applicable) to ensure that it reflects the CSR requirements as well as the current interests of the Company and relevant stakeholders.

XI. REPORTING FORMAT

Periodic reporting on the CSR Activities, including, execution modalities and implementation schedules to the CSR Committee shall be in the following format, which may be amended by the CSR Committee from time to time.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) (project or program-wise)	Amount spent on the projects or programs (Please specify: (1) Direct expenditure on projects or programs; (2) Overheads)	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency (if through implementing agency, give details of such agency)
1							
2							
	TOTAL						