



# **CORPORATE SOCIAL RESPONSIBILITY POLICY (CSR Policy)**

(As approved and adopted by the Board of Directors of the  
Company at its meeting held on 6<sup>th</sup> August, 2021)



## 1. PREAMBLE:

Panchmahal Steel Limited ('PSL' or 'the Company') has been, as a conscious corporate citizen, serving the community around its business location much before the concept of CSR got clad into legal frame-work through Companies Act, 2013.

The present Corporate Social Responsibility ('CSR') Policy is being documented with a candid objective of formalizing the guidelines and mechanism for undertaking CSR activities by the Company in compliance with the requirements of Section 135 of the Companies Act, 2013 read with Schedule VII to the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time and recently further amended by the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.

The Policy outlines the company's responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking activities for welfare & sustainable development of the community at large.

In alignment with vision of the Company, PSL, through its CSR initiatives, shall continue to enhance value creation in the society and in the community in which it operates, through its services, conduct & initiatives, so as to promote sustained growth for the society and community, in fulfillment of its role as a Socially Responsible Corporate Citizen with environmental concern.

## 2. OBJECTIVES:

PSL CSR Policy intends to:

- a) To ensure an increased commitment at all levels in the organization towards CSR, to operate its business in an economically, socially & environmentally sustainable manner, while recognizing the interests of all its stakeholders.
- b) To directly or indirectly take up programs that benefit the communities in & around PSL, over a period of time, thus uplifting / enhancing the quality of life & economic well-being of the local populace.
- c) to serve the socially and economically weak, disadvantaged, underprivileged, & destitute sections of the Society regardless of age, class, color, culture, disability, ethnicity, family structure, gender, marital status, nationality origin, race or religion with intention to make the group or individual self- dependent and live life more meaningfully.
- d) to extend humanitarian services in the community to further enhance the quality of life like health facilities, education, basic infrastructure facilities to areas that have so far not been attended to.
- e) to generate, through its CSR initiatives, a community goodwill for PSL and help reinforce a positive & socially responsible image of PSL as a Corporate entity.

### 3. DEFINITIONS:

1. “**Act**” means Companies Act, 2013 including the Rules made thereunder (as amended from time to time).
2. “**Board**” means Board of Panchmahal Steel Limited.
3. “**Company**” means Panchmahal Steel Limited and whenever the context requires, shall signify the Company acting through its Board.
4. “**CSR Expenditure**” means all the CSR Expenditure of the Company as approved by the Board upon recommendation of Board/CSR Committee including the following:
  - a. Contribution to CSR Projects which shall be implemented and/or executed by the Company;
  - b. Any other contributions covered in areas and subject specified under Schedule VII of the Act.
5. “**CSR Policy**” means a statement containing the approach and direction given by the board of a company and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan.
6. “**Financial Year**” means period beginning from 1<sup>st</sup> April of every year to 31<sup>st</sup> March of the succeeding year.
7. “**International Organisation**” means an organisation notified by the Central Government as an international organisation under section 3 of the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947), to which the provisions of the Schedule to the said Act apply.
8. “**Net profit**” means the net profit of the Company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely:-
  - a) any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and
  - b) any dividend received from other companies in India, which are covered under and complying with the provisions of Section 135 of the Act:
  - c) Provided that in case of a foreign company, 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 198 of the Act.
9. “**Ongoing Project**” means a multi-year project undertaken by the 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.
10. “**Public Authority**” means ‘Public Authority’ as defined in clause (h) of Section 2 of the Right to Information Act, 2005 (22 of 2005).
11. “**Rules**” means the Companies (Corporate Social Responsibility) Rules, 2014, including any re-enactment, modifications or amendments thereof.

#### **4. CSR COMMITTEE:**

In terms of sub-section (9) of Section 135, the Corporate Social Responsibility Committee is not constituted by the Company. Therefore, the functions of such committee provided under Section 135(3) shall be duly discharged by the Board of Directors of the Company. The CSR Committee shall be constituted as and when necessitated.

Accordingly, the Board inter-alia carry out the following functions:

- a) To formulate, consider and approve, a CSR Policy which shall indicate the activities taken by the Company in areas or subject, specified in Schedule VII of the Companies Act, 2013 and rules made thereunder;
- b) To review from time-to-time CSR Policy in the light of emergent situation and statutory framework;
- c) To recommend the amount of expenditure to be incurred in CSR activities;
- d) To monitor the implementation of CSR Policy and review overall performance in CSR programmes;

#### **5. CSR TEAM:**

The Company, along with pursuing CSR Projects at its own will also constitute a CSR Team headed by the Managing Director of the Company and consisting of a specified number of whole-time employees of the Company, who, in addition to their regular duties, will come forward to contribute to the Company's CSR initiatives.

The CSR Team would further be actively involved in implementation of projects in accordance with the guiding principles and general policies as consented by the Board of Directors.

The CSR Team may work singly or in partnership with any eligible trust(s), NGO(s) or other organization(s) as approved by the Board of Directors.

#### **6. THRUST AREAS:**

While the Company is eligible to undertake any activity as specified in Schedule VII to the Act, however the following are thrust areas where the Company will focus for undertaking CSR activities:

- Education
- Community Health
- Sustainable Livelihood
- Community Infrastructure

However, Company is not restricted to invest in above activities only and may spend its CSR expenditure in any of activities as specified in Schedule VII of the act.

## **7. AREAS/ACTIVITIES NOT COVERED UNDER CSR:**

Areas/activities specifically excluded from the scope of CSR activities are:

- a) Activities undertaken in pursuance of normal course of business of the Company; (However, if the Company is engaged in Research & Development activity of new vaccine, drugs and medical devices related to COVID-19 in normal course of business may be included for F.Y. 2020-2021, 2021- 2022, 2022-23 subject to conditions that such Research & Development activity is carried out with institutes or organizations mentioned under Serial no. (IV)(ix) above and such details are mentioned separately in Annual Report on CSR included in Board's Report).
- b) Any activity undertaken by the Company outside India; (Exception - For training of sports personnel representing State or UT at national or international level).
- c) Contribution of any amount directly or indirectly to any Political Party under Section 182 of the Act.
- d) Areas/activities that benefits only the Employees of the Company as defined in clause (k) of the Section 2 of the Code on Wages, 2019.
- e) Activities supported by Company on sponsorship basis for taking market benefit of its product or services.
- f) Activities carried to fulfill any statutory obligation under any law in India.

## **8. IDENTIFICATION OF CSR PROJECTS:**

- a) CSR Projects need to be identified and planned for approval of the Board of Directors, in particular in Thrust Areas, with estimated expenditure and phase wise implementation schedules.
- b) The Company shall ensure that in identifying its CSR Projects, preference shall be given to the local area and areas around which the Company operates. However, this shall not bar the Company from pursuing its CSR objects in other areas.
- c) As a cardinal principle, the CSR Projects in Thrust Areas, shall be identified on the basis of a detailed assessment survey.
- d) The CSR Officer may engage external professionals/firms/agencies if required, for the purpose of identification of CSR Projects.

## **9. MODALITIES OF EXECUTION AND IMPLEMENTATION:**

The CSR Team will formulate and recommend to the Board, an annual action plan which will 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;
- 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 Team, based on the reasonable justification to that effect.

### **Implementation**

The Company may undertake/implement the CSR programs itself or through;

- (a) Section 8 Company or registered public trust or registered society, registered under section 12A and 80G of the under Income Tax Act, 1961 established by Company singly or with any other company or
- (b) Section 8 Company or registered public trust or registered society established by Central Government (CG) and State Government or
- (c) Any entity established under the Act of Parliament / State legislature or
- (d) Section 8 Company or registered public trust or registered society, registered under section 12A and 80G of the under Income Tax Act, 1961 and having established track record of at-least 3 Years in similar activities.
- (e) Internal Organization for designing, monitoring and evaluation of CSR projects / programme or for capacity building of the personnel of the Company for CSR
- (f) Collaboration with other Companies for undertaking projects/programs/activities such that the CSR Committee of both the Companies can report separately on such projects/programs/activities.

The criterion for identifying Executing agency/partner shall be in accordance with the provisions of the Act and Rules made thereunder.

## **10. FUND ALLOCATION AND OTHERS:**

### **A. Fund Allocation**

1. The Company, in every financial year, shall endeavor to spend such feasible amount as CSR Expenditure, which shall not be restricted by the statutory limit of specified percentage of its average net profits of the immediately preceding three financial years. However, the aforementioned CSR Expenditure in any Financial Year shall be at-least 2% of the Company's average Net Profits for the three immediately preceding Financial Years.
2. The CSR Team shall prepare a CSR Annual Plan for the above which shall include:
  - a. Identified CSR Projects
  - b. CSR Expenditure
  - c. Implementation Schedules
3. Total expenditure in the CSR Annual Plan shall be approved by the Board upon recommendation by the CSR Team.

## B. Expenditure

- **Administrative Overheads:**

The Company shall ensure that administrative overheads doesn't exceed 5% of total CSR expenditure in one financial year.

- **Surplus CSR Amount:**

Any surplus arising out of CSR projects/ programme /activities shall not form part of business profit of Company and -

- a. shall be ploughed back into same project; or
- b. shall be transferred to Unspent CSR Account and spent in pursuance of CSR policy and action plan of the Company; or
- c. transfer to fund specified in Schedule VII of the Act within 6 months of expiry of Financial Year.

- **Excess Amount Spend:**

Any excess amount spent by the Company on CSR may be set off against the CSR requirement of immediately succeeding three financial years subject to below conditions:

- a. excess amount available for set off shall not include surplus of CSR activity; and
- b. the Board to pass a resolution to that effect

CSR amount may be spent for creation or acquisition of assets which shall only be held by company established under Section 8 of the Act or registered public trust or registered society having charitable objects and CSR Registration Number or beneficiaries of said project in form of self-help groups, collectives, entities or a public authority.

## 11. MONITORING:

- a) The Board shall satisfy that the funds disbursed for CSR have been utilized for the purpose and in the manner as approved by it and Chief Financial Officer / the person responsible for financial management will certify the same.
- b) The Board shall monitor the implementation of ongoing project(s), if any, with the approved timelines and year wise allocation and is competent to make modifications, if any for smooth implementation of the project within the overall permissible time period. The Board shall review the implementation of CSR activities from time to time.
- c) The Board shall in its report include in its Annual Report on CSR Projects as per the format provided in the Annexures of the Rules.
- d) The Company shall include a separate disclosure in the Annual Report in details about the Policy developed and on the implementation of CSR activities/project including physical and financial progress during the financial year.

**12. REVIEW AND AMENDMENTS:**

The above guidelines would form the framework around which the CSR activities would be undertaken. The Board is authorised to make modifications to this Policy which also includes the authority to remove ambiguities, enhance clarity on the provisions of the Policy etc. CSR Plan may be revised / modified / amended by the CSRC at such intervals as it may deem fit. Further, any subsequent amendment/ modification in the Companies Act, 2013 read with Rules made thereunder and/or any other laws in this regard shall automatically apply to this Policy.

In the event of any inconsistency between this Policy and the applicable laws, the applicable laws will prevail.

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