

**PANYAM CEMENTS & MINERAL
INDUSTRIES LIMITED**

CORPORATE SOCIAL RESPONSIBILITY POLICY

VISION:

Panyam Cements and Mineral Industries Limited (the Company/ PCMIL) always strives for creating a warm space in the society by contributing its share towards the social cause of betterment of society. PCMIL discerns that social responsibility allows the Company's business interests to reunite with the admissible interests of the different stakeholders that may be affected, and also assumes the impact of the company's activities on the community in general and the environment. In this regard, the Company has made this policy which encompasses the Company's philosophy for delineating its responsibility as a Corporate Citizen and lays down the guidelines and mechanism for undertaking socially useful programs for welfare and sustainable development of the community at large and titles as the "Corporate Social Responsibility Policy" which is based as per the Companies Act, 2013 and rules made there under.

DEFINITIONS:

1. "Act" means the Companies Act, 2013;
2. "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.
3. "Rules" means Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time;
4. "Corporate Social Responsibility (CSR)" means the activities undertaken by a Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in these rules.
5. "CSR Committee" means the Committee of the Board of Directors referred to in Section 135 of the Act.
6. "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.
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 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:
9. "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.
10. "Company/ PCMIL" means Panyam Cements and Mineral Industries Limited.
11. "Public Authority" means 'Public Authority' as defined in clause (h) of section 2 of the Right to Information Act, 2005 (22 of 2005).

CONSTITUTION, COMPOSITION AND SCOPE OF CSR COMMITTEE:

CSR Committee of the Board of Directors ("Board") would consist of 3 or more directors, out of which at least 1 director shall be an Independent Director.

The Committee, as mandated under Section 135(3) of the Companies Act, 2013, shall:

- (a) formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy which shall indicate the activities to be undertaken by the Company in areas or subject, specified in Schedule VII;
- (b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a);
- (c) monitor the Corporate Social Responsibility Policy of the Company from time to time.
- (d) annually report to the Board, the status of the CSR activities and contributions made by the Company.
- (e) any other requirements mandated under the Act or Rules issued thereunder.

CSR ACTIVITIES:

In accordance with the requirements under the Companies Act, 2013, the Company CSR activities, amongst others, will focus on:

- **HUNGER, POVERTY, MALNUTRITION AND HEALTH:** Eradicating hunger, poverty and malnutrition, promoting preventive healthcare and sanitation including contribution to Swachh Bharat Kosh set up by the Central Government for the promotion of sanitation and making available safe drinking water.
- **EDUCATION:** Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled, and livelihood enhancement projects; monetary contributions to academic institutions for establishing endowment funds, chairs, laboratories, etc., with the objective of assisting students in their studies.
- **GENDER EQUALITY AND EMPOWERMENT OF WOMEN:** Promoting gender equality and empowering women; setting up homes, hostels and day care centres and such other facilities for women and orphans; setting up old age homes and such other facilities for senior citizens; and adopting measures for reducing inequalities faced by socially and economically backward group.
- **ENVIRONMENTAL SUSTAINABILITY:** Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro-forestry, 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.
- **NATIONAL HERITAGE, ART AND CULTURE:** 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 arts and handicrafts.
- **BENEFIT OF ARMED FORCE VETERANS:** 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.
- **PROMOTION OF SPORTS:** training to promote rural sports, nationally recognized sports, paralympic sports and olympic sports.
- **CONTRIBUTION TO RELIEF FUNDS:** 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;

- CONTRIBUTION TO RESEARCH: 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;
- CONTRIBUTION TO UNIVERSITIES: 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);
- RURAL DEVELOPMENT PROJECTS: Strengthening rural areas by improving accessibility, housing, drinking water, sanitation, power and livelihoods, thereby creating sustainable villages.
- SLUM AREA DEVELOPMENT: Developing slum areas by improving accessibility, housing, drinking water, sanitation, power and livelihoods. 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.
- DISASTER MANAGEMENT: Disaster management, including relief, rehabilitation and reconstruction activities.

SURPLUS OF CSR PROJECT & EXCESS AMOUNT CONTRIBUTED

Any surplus arising out of the CSR activities shall not form part of the business profit of a 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 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.

Further, if the company spends an amount in excess of requirement provided under subsection (5) of section 135, such excess amount may be set off against the requirement to spend under subsection (5) of section 135 of the Companies Act, 2013 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, if any, in pursuance of sub-rule (2) of this rule.
- (ii) the Board of the company shall pass a resolution to that effect.

CSR EXPENDITURE & IMPLEMENTATION

Every year, the Company undertakes to spend an amount equivalent to at least 2% of its average net profits (calculated under Section 198 of the Act) during the three immediately preceding financial years, either directly by the Company or through any external agency, on such schedule and to finance such CSR Activities as may be mutually agreed and as permissible under the Act.

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, 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.

Further, every entity, covered under sub-rule (1), who intends to undertake any CSR activity, shall register itself with the Central Government by filing the form CSR-1 electronically with the Registrar.

Company shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.

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 in accordance with these rules.

Chief Financial Officer is required to certify to the Board that the funds disbursed have been utilized for the purposes and in the manner approved by the Board. The employee costs and other administrative overheads would form a part of the programme and projects so selected.

Tax treatment of CSR spent will be in accordance with Income Tax Act, 1961 as amended from time to time and other applicable rules or circulars (issued by CBDT).

ANNUAL ACTION FORM

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;
- (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.

GEOGRAPHIES AND TARGET COMMUNITIES

The Company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities.

CSR ACTIVITIES ON THE WEBSITE OF THE COMPANY

The composition of the CSR Committee, CSR Policy and Projects approved by the Board shall be placed on the website of the Company www.panyamcements.in

MONITORING MECHANISM

The Board shall ensure activities as are included in CSR Policy of the company are undertaken by the company. The CSR Committee shall monitor CSR policy of the Company from time to time.

If the company has 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, it shall undertake impact assessment, through an independent agency, of its 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 CSR Committee shall institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the company which shall include the following:

Release of funds for CSR Project / Programme: The amounts sanctioned for a CSR project or programme, will be released in stages or installments as per progress, as may be determined by the CSR Committee. CSR committee may design the procedure / guidelines applicable from time to time and release of funds to any project in a year shall be as per the guidelines finalized by the CSR Committee.

Review by Board/CSR Committee: The Board of Directors and CSR Committee will review the implementation of CSR.

AMENDMENTS

This Policy may be amended from time to time by the Board on the recommendation of the CSR Committee.
