

## “CORPORATE SOCIAL RESPONSIBILITY POLICY OF PRADEEP METALS LIMITED”

Pradeep Metals Limited (PML) is committed to contribute to harmonious and sustainable development of the society. We recognize that business enterprises are economic organs of society that draw on various societal resources for its functioning and growth. It is our core belief therefore that a Company’s performance must be measured not only by its bottom line but also with respect to the social contributions made by the Company while achieving its financial goals.

### A. CSR Vision

To be a catalyst for a more equitable and inclusive society by supporting long term sustainable transformation and social integration.

### B. CSR Mission

We will achieve our vision by:

- Assisting the successful implementation of need based projects in the under developed areas
- Focusing on making the community Self-Reliant with the help of local NGOs

### C. CSR Values

The values that will govern to achieve our vision are:

- Care
- Excellence, and
- Sustainability

### D. Definitions

- **Company** means Pradeep Metals Limited (‘PML’).
- **Act** means the Companies Act, 2013, as amended from time to time.
- **CSR Rules** means Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, as amended from time to time.
- **Board** means Board of Directors of the Company.
- **CSR Project/Program** means the programs, projects and activities undertaken by the Company in pursuance of the provisions of Section 135 of the Act and CSR Rules.
- **CSR Committee** means the Corporate Social Responsibility Committee constituted or re-constituted by the Board from time to time as per the requirements of Section 135 of the Act and CSR Rules.
- **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:
  - Any profit arising from any overseas branch or branches of the Company whether operated as a separate company or otherwise; and
  - Any dividend received from other companies in India, which are covered under and complying with the provisions of Section 135 of the Companies Act 2013.
- **Policy** means this Corporate Social Responsibility Policy, as may be amended from time to time.

- **Administrative overheads** mean 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.
- **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 of Directors based on reasonable justification.

#### **E. Governance Structure**

The Company has a well-defined and robust governance structure to oversee the implementation of the CSR Policy, in compliance with the requirements of Section 135 of the Act and the CSR Rules.

##### **Role of the Board of Directors:**

The roles and responsibilities of the Board of Directors towards CSR shall *inter alia* include:

- Constituting the CSR Committee, as and when required under the Act.
- Approving, and amending from time to time, the CSR Policy.
- Formulating the annual action plan or spending of the prescribed CSR budget.
- Altering the annual action plan at any time during the financial year, if required based on the reasonable justification to that effect.
- Constitute a group of officers under the Chief Financial Officer who will be responsible for implementation of the CSR projects/ activities approved by the Board of Directors in accordance with the provisions of the Act.
- Ensuring that the activities as are included in the CSR Policy are undertaken by the Company.
- Ensuring that the Company spends, in every financial year, at least 2% of the average net profits made during the three immediately preceding financial years, in pursuance, of the CSR Policy.
- Ensure that the Company, treats the CSR Spends i.e. CSR surplus, excess expenditure and unspent CSR funds as per the modalities prescribed in the CSR Rules.
- Specify in its Report the reasons for not spending the amount if the Company fails to spend such amount.
- Disclose the CSR Policy and Projects approved by the Board on the Company's website, if any, for public access.
- Reviewing the CSR activities of the Company.
- Performing the functions of the CSR Committee in accordance with the Act and the Rules framed thereunder.

##### **Composition of CSR Committee:**

In accordance with the provisions of the Act, the Company is not presently required to constitute a CSR Committee as the amount to be spent by the Company in terms of Section 135(5) of the Act does not exceed Rupees Fifty Lakhs. The Board of Directors of the Company has at its meeting held on May 27, 2021 passed a resolution for dissolving the CSR Committee constituted

previously. The functions of the CSR Committee shall be discharged by the Board of Directors of the Company.

The Board shall constitute the CSR Committee as and when required inter alia, to comply with the provisions of the Companies Act, 2013 and applicable statutory requirements.

#### **F. CSR focus area**

The Board of Directors shall be guided by the following principles while considering and approving the CSR activities, programmes and projects to be undertaken by the Company during the year:

- a. The CSR activities will be implemented within India and preferably in the areas where the Company has its presence. The CSR activities may also be undertaken in other geographies based on the needs of the communities.
- b. The Company strives to improve standard of living of society at large, with preference to local and backward areas.
- c. To promote inclusive growth by focusing on needs of the deprived, under privileged, neglected and weaker sections of the society.
- d. To contribute towards sustainable development of the society.
- e. To ensure that the CSR activities / programmes / projects are not discriminatory in nature;
- f. CSR activity/ programme /project should not be exclusively for the benefit of employees of the Company or their family members or those that are conducted / undertaken exclusively in pursuance to the normal course of business of the Company.

This Policy will serve as guiding document to help select, implement and monitor CSR activities in keeping with the spirit of the Policy. The CSR focus areas for community to progress are:

##### **1. Education and Empowerment**

Education is a basic human right pivotal to personal and societal development and so is an integral part of our CSR work. Under education we will work and support promotion of primary education and employment oriented training especially among women and youth.

##### **2. Employability and Entrepreneurship**

A major factor contributing to rural youth underemployment is skills mismatch with huge skills deficit in limited job growth and expansion. We will work on enhancing vocation skills especially among youth and women. We will also work on livelihood enhancement projects through Self Help Group and Entrepreneurship development program with women and economically backward groups.

### **3. Health and Sanitation**

We will work on providing better health awareness programs, health check-up program, program for preventing diseases and building immunity, etc. We will also work on aspects of water, sanitation and hygiene because of which the health and financial burden on poor people is high. We will work on awareness program, construction of toilets in schools and construction of toilets for general needy community.

### **4. National / Local area need**

We will respond to national need of relief or rebuild which can arise from floods, earthquakes, tsunamis, etc. and causes loss of life or property damage, and typically leaves economic damage in area. We will respond to any disasters, depending upon where they have occurred and Company's ability to respond meaningfully.

## **G. CSR Implementation**

The Board of Directors shall advise on the Company's CSR Policy and monitor the CSR activities of PML from time to time. All projects are identified as per needs of the community. We will strive to implement the aforesaid CSR activities on our own to the extent possible. We will also work in partnership with other organizations which include:

- Collaborating with or contribution to the following organizations:
  - 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
  - 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.
  - such other entities as may be permissible under the Act.
- Collaborating or pooling resources with our group companies or other companies to undertake aforesaid CSR activities in such a manner that the CSR committees or board of directors of respective companies are in a position to report separately on such projects or programmes in accordance with the Act and CSR rules.

#### **H. CSR Resource Contribution**

- For achieving the CSR objectives through implementation of meaningful and sustainable CSR Projects, the Board of Directors will allocate for its Annual CSR Budget, 2% of the average net profits of the Company made during the three immediately preceding financial years, calculated in accordance with the relevant Sections of the Act read with the CSR Rules.
- The Company may spend up to 5% of the total CSR expenditure in one financial year on building CSR capabilities and other general and administrative overheads.
- Any amount remaining unspent pursuant to any ongoing project, fulfilling such conditions as may be prescribed, undertaken by the Company shall be transferred by the Company within 30 days from the end of the financial year to 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 said amount shall be transferred to a Fund specified in Schedule VII of the Act, within a period of thirty days from the date of completion of the third financial year.
- Any surplus arising out of the CSR Projects or Programs or activities shall not form part of the business profit of the Company and will be ploughed back into the same 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 of the Rules, within a period of six months of the expiry of the financial year.
- Any excess expenditure i.e., beyond the prescribed CSR budget will be disclosed in the Board's CSR Report and shall be made available for set off against the CSR requirement to spend in any of the immediate three succeeding financial years subject to compliance with the Act and the CSR Rules.

#### **I. CSR Monitoring**

- The CSR initiatives will be monitored and reviewed periodically, and the CSR Group under the CFO of the Company will provide regular progress reports to the Board. This report would indicate:
  - ✓ Achievement since last progress report/during the last quarter in terms of coverage compared to the target and reasons for variance.
  - ✓ Achievement of year-to-date in terms of coverage compared to the target, plans to overcome shortfalls if any and support required from the Board to overcome the shortfalls.
  - ✓ Actual year-to-date spends compared to the budget and reasons for variance.
  - ✓ In respect of activities undertaken through third-party Trust/Society/NGOs, etc. quarterly reporting of progress on each such activities and the amount incurred thereon.
- The fund utilization made in projects as approved by the Board, will be certified by the Chief Financial Officer of the Company.

- Applicable projects, as required by the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, shall be subjected to an in depth impact study to assess the impact created through the project.
- In case of deviation in implementation as defined in the annual action plan, such changes will be approved by the Board of Directors of the Company.
- In order to ensure transparency and communication with all stakeholders, the CSR Policy and the list of approved projects will be uploaded on the Company's website and made available in the public domain.

**J. Miscellaneous**

- In case of any doubt with regard to any provision of this CSR Policy and also in respect of matters not covered herein, a reference should be made to the Board of Directors (through the CFO). In all such matters, the interpretation and decision of the Board shall be final.
- All provisions of the CSR Policy would be subject to revision/amendment in accordance with the applicable laws.
- The Company reserves the right to modify, cancel, add, or amend this CSR Policy.
- The Board of Directors shall review the CSR Policy from time to time based on the changing needs and make suitable modifications as may be necessary.

**In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.**

Revised on May 27, 2021.

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