

Corporate social responsibility Policy

PSP PROJECTS LTD

T A B L E O F C O N T E N T S

SECTION	TITLE	PAGE
I	Introduction.....	3
II	PSP & CSR.....	3
III	The CSR Vision and Mission.....	4
IV	CSR Policy.....	4
V	Projects & Programmes that are to be undertaken.....	5
VI	Control Governance Mechanism.....	6
	i. Composition.....	6
	ii. Roles & Responsibility.....	6
	iii. Undertaking CSR Activities.....	7
	iv. Funding, selection and monitoring.....	8
VII	Information dissemination.....	8
	Annexure A1.....	9
	Annexure A2.....	10

PSP PROJECTS LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY

I. INTRODUCTION

The 'Corporate Social Responsibility' is a statutory provision under Section 135 of the Companies Act, 2013 ("the Act") (No. 18 of 2013) [29th August, 2013] read with Schedule VII of the Act. Subsequent to the statutory provision, the Ministry of Corporate Affairs (MCA), Government of India, notified on 27th February, 2014, "The Companies (Corporate Social Responsibility Policy) Rules, 2014" ("CSR Rules" for short). Along with this an amended Schedule VII to the Companies Act, 2013 which provides the list of activities which may be undertaken as CSR activities are also notified. The CSR Rules and the amended Schedule VII have come into force with effect from 1st April, 2014. The relevant Section 135, and the CSR Rules are integral part of this policy and are annexed herewith as **Annexure A1 and A2 respectively**.

II. PSP AND CSR

PSP, as a socially committed and responsible corporate citizen, pledges that it would work towards upliftment of the rural, poor, marginalized, disadvantaged and deprived communities of India and ensured environmental sustainability. The CSR initiatives of PSP would be aimed at the basic life necessities of the individual and collective life amenities of the community as well.

PSP shall engage in CSR activities only within the framework of the provisions of the Companies Act, 2013, its related Rules, Schedule VII and the subordinate legislation issued by MCA in this respect from time to time.

III. THE CSR VISION AND MISSION

OUR VISION: As a certified Responsible care company, PSP believes that CSR initiatives create value in our society and in the communities in which we operate. With this in mind, our services, conduct and initiatives are designed to promote sustainable growth for society and our communities. Also, Section 135 of the Companies Act, 2013 (Act), widens the scope of social responsibilities and accordingly, PSP shall undertake Corporate Social Responsibility (CSR) programs as per the permitted grounds of the Act, and continue to enhance value creation in the society in fulfilment of our role as a socially responsible corporation.

OUR MISSION: PSP shall undertake CSR activities and accomplish the same with excellence, focusing on the activities as prescribed in the Act.

IV. CSR POLICY

The CSR Committee is required to formulate a corporate social responsibility policy ("**CSR Policy**"), while bringing clarity on the definition of a CSR Policy (recommended by the CSR Committee and approved by the Board of Directors), the final CSR Rules provide a board framework for the CSR Policy, allowing each company to be as elaborate/specific on each of the following domains:

1. List of Corporate social responsibility ("**CSR**") projects/programmes relating to activities specified in Schedule VII of the Act ("**CSR Activities**")
2. Modalities of execution
3. Transparent monitoring mechanism
4. Expenditure/budget for the CSR Activities

Additionally, it is required that the CSR Policy adopted by the company must specify that, any surplus arising out of CSR Activities will be re-directed towards CSR Activities and not the business of the company. Further, the board of directors are required to submit a report under Section 134 (3) of the Act, and the relevant portions of the CSR Policy must be disclosed in the said report, also, the relevant portions of the CSR Policy adopted by the Company must be disclosed on the company's website.

V. PROJECTS & PROGRAMMES THAT ARE TO BE UNDERTAKEN

The Company may undertake any one or more of the following activities, as mentioned in Schedule VII of Companies Act, 2013 (as amended), as may be decided by the Board of Directors or CSR Committee of the Board from time to time depending on the suitable opportunities available and need of the area concerned.

1. Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;
2. Promoting education, including special education and employment enhancing vocation skills especially among children, women elderly, and differently abled and livelihood enhancement projects;
3. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans, setting up old age homes and such other facilities for senior citizens and measures for reducing inequalities faced by the socially and economically backwards groups;
4. 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.
5. 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;
6. Measures for the benefits of armed forces veterans, war widows and their dependents;
7. Training to promote rural sports, nationally recognized sports, Paralympics sports and Olympic sports;
8. Contribution to Prime Minister's National Relief Fund or any other fund set up by Central Government for socio-economic development and relief and welfare of the Scheduled Castes, Scheduled Tribes, other backward classes, minorities and women;
9. Contributions or funds provided to technology incubators located within academic institutions which are approved by the central government;
10. Rural development projects.

However, the CSR activities of the Company will not include those activities which are undertaken in pursuance of normal course of business of the Company.

VI. CONTROL GOVERNANCE MECHANISM : THE BOARD AND THE COMMITTEE

The CSR Policy and the constitution shall be monitored through CSR Committee which has been constituted by the Board in accordance with the provisions of the Act. In broad terms, the summary role of board of directors and CSR Committee (as specified under the CSR rules) is as under:

Board	CSR Committee
<ul style="list-style-type: none"> - Form a CSR Committee - Approve the CSR policy - Ensure implementation of the activities under CSR - Ensure 2% spend - Disclose reasons for not spending the amount (if applicable) 	<ul style="list-style-type: none"> - Formulate and recommend a CSR policy to the Board of directors, including any modification thereto - Recommend activities and the amount of expenditure to be incurred - Monitor the approved activities and spends - Monitor the CSR policy from time to time

A. Composition:

In terms of Section 135(1) of the Companies Act, 2013 read with Rule 5 of the CSR Rules, the Company shall institute a CSR Committee of the Board consisting of three or more directors out of which at least one director shall be an independent director. Consistent with the above, the CSR Committee of the Board shall consist of CMD, *ex-officio*, as Chairman of the committee and two other Directors as Members to be nominated by the Board including the independent director.

B. Roles & Responsibility:

The Committee shall annually review and approve the CSR Policy and associated frameworks, processes and practices of the Company.

- The Committee shall ensure that the Company is taking the appropriate measures to implement the CSR projects successfully.
- The Committee shall identify the areas of CSR activities and recommend the amount of expenditure to be incurred on such activities.

- It shall be the responsibility of the CSR Committee to ensure that activities, even if they fall within CSR activities listed under the Act, but are done by PSP in normal course of its business, shall not be considered as a CSR activity.
- The Committee may form and delegate authority to sub-committees as and when appropriate.
- The Committee shall regularly report to the Board (a presentation to be factored in as an agenda during the Board meetings.)
- The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
- The Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors.

C. Undertaking CSR Activities:

The company shall undertake CSR activities approved by the CSR Committee:

- Directly on its own or
- Through its own non-profit foundation or
- Through any organisation(s) with a record of at least three years of contributions in related activities as approved by the CSR Committee.

D. Funding, selection and monitoring:

The Board will earmark an annual CSR Budget (as prescribed by the Act) to implement CSR initiatives recommended by the CSR Committee.

Any unspent or unutilized CSR allocation in a particular year will be carried forward to the following year; the CSR Budget will be non-lapsable in nature.

The CSR Team may seek or receive proposals from eligible NGOs, selecting proposals on the basis of established corporate criteria and areas of interest. Proposals selected by the CSR Team will be submitted to the CSR Committee for approval.

Further, as required by the Act, an MOU will be signed with the NGO/s to implement approved CSR programs.

The CSR Team will monitor all CSR programs to ensure effective and efficient utilization of deployed resources and to achieve the established targets within a stipulated time frame.

An annual CSR program report will be prepared by the CSR Team/Implementing Agency. This report will be incorporated in the Board's Report (as per the format specified in the Act) and communicated to appropriate authorities and stakeholders.

VII. Information dissemination

This CSR policy of the Company is being hosted on the official website of the Company. This will also be included in the Boards' Report to the shareholders under section 134(3) of the Companies Act, 2013. Our Corporate Social Responsibility policy conforms to the Corporate Social Responsibility as prescribed under the Companies Act, 2013 and rules framed thereunder

Annexure A1

Section 135 of the Companies Act, 2013

135. Corporate Social Responsibility

- (1) Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.
- (2) The Board's report under sub-section (3) of section 134 shall disclose the composition of the Corporate Social Responsibility Committee.
- (3) The Corporate Social Responsibility Committee shall,—
 - (a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII;
 - (b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
 - (c) monitor the Corporate Social Responsibility Policy of the company from time to time.
- (4) The Board of every company referred to in sub-section (1) shall,—
 - (a) after taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy for the company and disclose contents of such Policy in its report and also place it on the company's website, if any, in such manner as may be prescribed; and
 - (b) ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the company.
- (5) The Board of every company referred to in sub-section (1), shall ensure that the company spends, in every financial year, at least two per cent. of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy:

Provided that 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:

Provided further that if the company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134, specify the reasons for not spending the amount.

Explanation.—For the purposes of this section “average net profit” shall be calculated in accordance with the provisions of section 198.

Annexure A2
The Companies (Corporate Social Responsibility Policy) Rules, 2014

PREAMBLE

In exercise of the powers conferred under section 135 and sub-sections (1) and (2) of section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules, namely:-

1. Short title and commencement.--

- (1) These rules may be called the Companies (Corporate Social Responsibility Policy) Rules, 2014.
- (2) They shall come into force on the 1st day of April, 2014.

2. Definitions.--

- (1) In these rules, unless the context otherwise requires,
 - (a) "Act" means the Companies Act, 2013;
 - (b) "Annexure" means the Annexure appended to these rules;
 - (c) "Corporate Social Responsibility (CSR)" means and includes but is not limited to:-
 - i. Projects or programs relating to activities specified in Schedule VII to the Act; or
 - ii. Projects or programs relating to activities undertaken by the board of directors of a Company (Board) in pursuance of recommendations of the CSR Committee of the Board as per declared CSR Policy of the Company subject to the condition that such Policy will cover subjects enumerated in Schedule VII of the Act.
 - (d) "CSR Committee" means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act.
 - (e) "CSR Policy" relates to the activities to be undertaken by the Company as specified in Schedule VII to the Act and the expenditure thereon, excluding activities undertaken in pursuance of normal course of business of a Company;
 - (f) "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 net profit in respect of a financial year for which the relevant financial statements were prepared in accordance with the provisions of the Companies Act, 1956, (1 of 1956) shall not be required to be re-calculated in accordance with the provisions of the Act:
Provided further 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 198 of the Act.
- (2) Words and expressions used and not defined in these rules but defined in the Act shall have the same meanings respectively assigned to them in the Act.

3. Corporate Social Responsibility—

- (1) Every Company including its holding or subsidiary, and a foreign Company defined under clause (42) of section 2 of the Act having its branch office or project office in India, which fulfills the criteria specified in sub-section (1) of section 135 of the Act shall comply with the provisions of section 135 of the Act and these rules:

Provided that net worth, turnover or net profit of a foreign Company of the Act shall be computed in accordance with balance sheet and profit and loss account of such Company prepared in accordance with the provisions of clause (a) of sub-section (1) of section 381 and section 198 of the Act.

- (2) Every Company which ceases to be a Company covered under sub-section (1) of section 135 of the Act for three consecutive financial years shall not be required to-
- (a) constitute a CSR Committee; and
 - (b) comply with the provisions contained in sub-section (2) to (5) of the said section, till such time it meets the criteria specified in sub-section (1) of section 135.

4. CSR Activities.--

- (1) The CSR activities shall be undertaken by the Company, as per its stated CSR Policy, as projects or programs or activities (either new or ongoing), excluding activities undertaken in pursuance of its normal course of business.
- (2) The Board of a Company may decide to undertake its CSR activities approved by the CSR Committee, through a registered trust or a registered society or a Company established under section 8 of the Act by the Company, either singly or alongwith its holding or subsidiary or associate Company, or alongwith any other Company or holding or subsidiary or associate Company of such other Company, or otherwise:
- Provided that--
- i. if such trust, society or Company is not established by the Company, either singly or along with its holding or subsidiary or associate Company, or along with any other Company or holding or subsidiary or associate Company of such other Company shall have an established track record of three years in undertaking similar programs or projects;
 - ii. the Company has specified the project or programs to be undertaken through these entities, the modalities of utilization of funds on such projects and programs and the monitoring and reporting mechanism.
- (3) A Company may also collaborate with other Companies for undertaking projects or programs 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 programs in accordance with these rules.
- (4) Subject to provisions of sub-section (5) of section 135 of the Act, the CSR projects or programs or activities undertaken in India only shall amount to CSR Expenditure.
- (5) The CSR projects or programs or activities that benefit only the employees of the Company and their families shall not be considered as CSR activities in accordance with section 135 of the Act.

- (6) Companies may build CSR capacities of their own personnel as well as those of their Implementing agencies through Institutions with established track records of at least three financial years but such expenditure 1[including expenditure on administrative overheads,] shall not exceed five percent. of total CSR expenditure of the Company in one financial year.
- (7) Contribution of any amount directly or indirectly to any political party under section 182 of the Act, shall not be considered as CSR activity.

5. CSR Committees.--

(1) The Companies mentioned in the rule 3 shall constitute CSR Committee as under:-

- i. an unlisted public Company or a private Company covered under subsection (1) of section 135 which is not required to appoint an independent director pursuant to sub-section (4) of section 149 of the Act, shall have its CSR Committee without such director;
- ii. a private Company having only two directors on its Board shall constitute its CSR Committee with two such directors;
- iii. with respect to a foreign Company covered under these rules, the CSR Committee shall comprise of at least two persons of which one person shall be as specified under clause (d) of sub-section (1) of section 380 of the Act and another person shall be nominated by the foreign Company.

(2) The CSR Committee shall institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company.

6. CSR Policy.--

(1) The CSR Policy of the Company shall, inter-alia, include the following, namely:-

- (a) a list of CSR projects or programs which a Company plans to undertake falling within the purview of the Schedule VII of the Act, specifying modalities of execution of such project or programs and implementation schedules for the same; and
- (b) monitoring process of such projects or programs:

Provided that the CSR activities does not include the activities undertaken in pursuance of normal course of business of a Company.

Provided further that the Board of Directors shall ensure that activities included by a Company in its Corporate Social Responsibility Policy are related to the activities included in Schedule VII of the Act.

(2) The CSR Policy of the Company shall specify that the surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of a Company.

7. CSR Expenditure.--

CSR expenditure shall include all expenditure including contribution to corpus for projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee, but does not include any expenditure on an item not in conformity or not in line with activities which fall within the purview of Schedule VII of the Act.

8. CSR Reporting.--

- (1) The Board's Report of a Company covered under these rules pertaining to a financial year commencing on or after the 1st day of April, 2014 shall include an annual report on CSR containing particulars specified in Annexure.
- (2) In case of a foreign Company, the balance sheet filed under sub-clause (b) of sub-section (1) of section 381 shall contain an Annexure regarding report on CSR.

9. Display of CSR activities on its website.—

The Board of Directors of the Company shall, after taking into account the recommendations of CSR Committee, approve the CSR Policy for the Company and disclose contents of such Policy in its report and the same shall be displayed on the Company's website, if any, as per the particulars specified in the Annexure.

*** _____ ***