

# Punj Lloyd Limited

## Corporate Social Responsibility (CSR) Policy

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## 1. Context

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In Punj Lloyd, Corporate Social Responsibility is focused on enhancing the lives of the local community in which it operates. This takes shape by way of providing new skills and in general, creating a better quality of life for the people in the communities in which the company operates. We strongly believe in contributing towards the betterment of society and endeavour to create a positive impact, while achieving our business goals.

In India we have done meaningful social activities at most of our major sites. At our first solar power plant development in Bap, Western Rajasthan, we have undertaken harvesting rain water through the construction of taankas at select locations across the region. We have also developed a Life Enrichment Programme, which incorporates holistic approaches to healthcare, family planning, living conditions, nutrition and personal empowerment. We have partnered with Sahaj Sansthan and SNS Foundation for the implementation of these programs.

We were the first Corporate to fund the Indo-US Corporate Initiative for HIV/AIDS in Medicity, a multi-specialty medical institute in Gurgaon, India. The goal was to launch an awareness campaign which aims to arrest the spread of this deadly epidemic. Since then numerous HIV/AIDS prevention workshops have been held at our sites across the globe.

The Company's CSR Partner, Pt Kanahiya Lal Dayawanti Punj Foundation's initiative, Dayawanti Punj Model School in rural Uttar Pradesh, has benefited over a thousand children every year, bringing in world class education to Sitamarhi and 3 adjoining villages while Pt. Kanhaya Lal Punj Hospital has helped serve twenty five thousand villagers annually in this area.

Further pursuant to Section 135 of the Companies Act 2013, and Companies (Corporate Social Responsibility Policy) Rules 2014 every Company having net worth of Rs. 500 crore or more or turnover of Rs. 1,000 crore or more or net profit of Rs. 5 crore or more during any financial year shall constitute Corporate Social Responsibility Committee ('CSR Committee') and the CSR Committee shall:

- a) formulate and recommend the CSR Policy which shall indicate the activities to be undertaken by the company as prescribed,
- 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.

This Policy on Corporate Social Responsibility (CSR Policy) has been formulated by the CSR Committee and then was recommended to the Board of Directors of the Company ('Board') for its approval. The Board at its meeting held on 20<sup>th</sup> May 2014 approved and adopted the CSR Policy with immediate effect.

The Companies Act, 2013 further provides that the Board of every company referred to in to which Section 135(1) applies, shall ensure that the company spends, in every financial year, at least two percent, 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 operates, for spending the amount earmarked for CSR activities;

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

### 1.1. Objectives of the Policy

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This Policy shall be read in line with Section 135 of the Companies Act 2013, Companies (Corporate Social Responsibility Policy) Rules, 2014 and such other rules, regulations, circulars, and notifications (collectively referred hereinafter as 'Regulations') as may be applicable and as amended/notified from time to time and will, *inter-alia*, provide for the following:

- Establishing a guideline for compliance with the provisions of the Regulations to dedicate a percentage of Company's profits for CSR activities.
- Ensuring the implementation of CSR initiatives in letter and spirit through appropriate procedures and reporting.
- Creating opportunities for employees to participate in socially responsible initiatives.

## 1.2. Definitions

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In this Policy unless the context otherwise requires:-

- a) 'Act' means Companies Act, 2013;
- b) 'Corporate Social Responsibility' means Corporate Social Responsibility (CSR) as defined in Section 135 of the Companies Act 2013 and Companies Corporate Social Responsibility Policy) Rules 2014;
- c) 'Ministry' means the Ministry of Corporate Affairs
- d) 'Net Profit' means net profit as defined in Section 135 of the Companies Act 2013 and Companies Corporate Social Responsibility Policy) Rules 2014 as set out below:

Net Profit as per financial statements 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
- e) Words and expressions used in this CSR Policy and not defined herein but defined in the Act shall have the meaning respectively assigned to them in the Act.

## 1.3. CSR Activities

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The Policy recognises that corporate social responsibility is not merely compliance; it is a commitment to support initiatives that measurably improve the lives of underprivileged by one or more of the following focus areas as notified under Schedule VII of Section 135 of the Companies Act 2013 and Companies (Corporate Social Responsibility Policy) Rules 2014:

- i. Eradicating hunger, poverty & malnutrition, promoting preventive health care & sanitation & making available safe drinking water;
- ii. Promoting education, including special education & employment enhancing vocation skills especially among children, women, elderly & the differently-abled & livelihood enhancement projects;
- iii. Promoting gender equality, empowering women, setting up homes & hostels for women & orphans, setting up old age homes, day care centres & such other facilities

- for senior citizens & measures for reducing inequalities faced by socially & economically backward groups;
- iv. Reducing child mortality and improving maternal health by providing good hospital facilities and low cost medicines;
  - v. Providing with hospital and dispensary facilities with more focus on clean and good sanitation so as to combat human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases;
  - vi. Ensuring environmental sustainability, ecological balance, protection of flora & fauna, animal welfare, agro-forestry, conservation of natural resources & maintaining quality of soil, air & water;
  - vii. Employment enhancing vocational skills;
  - viii. Protection of national heritage, art & culture including restoration of buildings & sites of historical importance & works of art; setting up public libraries; promotion & development of traditional arts & handicrafts;
  - ix. Measures for the benefit of armed forces veterans, war widows & their dependents;
  - x. Training to promote rural sports, nationally recognised sports, Paralympic sports & Olympic sports;
  - xi. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development & relief & welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities & women;
  - xii. Contributions or funds provided to technology incubators located within academic institutions, which are approved by the Central Government;
  - xiii. Rural development projects

CSR activities shall be undertaken as projects, programs or activities (either new or ongoing) excluding activities undertaken in pursuance of the normal course of business of the Company.

#### 1.4. The Geographic reach

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The Act provides that the Company shall give preference to the local area and areas around where it operates, for spending the amount earmarked for Corporate Social Responsibility. However, the Committee may identify such areas other than stated above, as it may deem fit, and recommend it to the Board for undertaking CSR activities.

#### 1.5. Annual spends/Allocation of Funds

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1.5.1 The Company would endeavor to spend not less than 2% of the average Net Profits of the Company made during the three immediately preceding financial years. The amount would be calculated as per the Regulations. 1.5.2 The Company may build CSR capacities of its personnel and/or those of its implementing agencies through Institutions with established track records of at least three financial years but such expenditure shall not exceed five percent of total CSR expenditure of the Company in one financial year.

Provided that all reasonable efforts will be made to ensure that the annual CSR allocation is fully utilised in the respective year. However, if the Company fails to spend such amount, the Board of Directors shall, in its report under clause (o) of sub-section (3) of section 134 of the Act, shall specify the reasons for not spending the amount.

1.5.3 The tax treatment of CSR spend will be in accordance with the Income Tax Act, 1961 as may be notified by Central Board of Direct Taxes (CBDT).

1.5.4 If the Company ceases to be covered under sub-section (1) of Section 135 of the Act for three financial years, then it shall not be required to comply with the provisions laid down under sub-section (2) to (5) of the said section, till such time it meets the criteria specified in Section 135(1) of the Act.



## 2. CSR Committee

### 2.1. Guiding Principles for Constitution of CSR Committee

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The CSR Committee will consist of Chairman and two members of the Board with one of them being an Independent Board member.

The Committee will meet at least twice in a year to discuss and review CSR activities and Policy. A quorum of two members is required to be present for the proceedings to take place. Such other meetings of the Committee can be convened as and when deemed appropriate. The Committee members may attend the meeting physically or via such audio-visual means as permitted under the Regulations. The Committee shall have the authority to call such employee(s), senior official(s) and or externals, as it deems fit.

### 2.2. Committee Members

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S. No.	Names	Chairperson / Member
1.	Atul Punj	Chairperson
2.	Luv Chhabra	Member
3.	MM Nambiar	Member

**The members are liable to change as per decision of the Board of Directors.**

### 2.3. Punj Lloyd Council

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The Punj Lloyd CSR Council is the extant framework, as on the date of approval of this Policy by the Board of Directors of the Company, which champions the philanthropic initiatives of the Company. The said Council consisting of employees of PLL, shall assist the CSR Committee in achieving the objectives and purpose of CSR Policy and ensure compliance of the Act.

### 2.3.1. Punj Lloyd CSR Council Members

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The Chairperson and Members of the Council are as follows:

1. Deepa Kapoor – Chairperson, Punj Lloyd CSR Council
2. Neeraj Kumar – Member
3. Varun Jain – Member
4. Tulika Jha – Member
5. Arpita Munzi – Member

2.3.2 The Chairperson of the Punj Lloyd CSR Council, shall place periodic report(s) about CSR activities undertaken and status thereof, before the Committee at such intervals as may be directed by the Committee. The CSR Council will work as per the directions of the CSR Committee.

2.3.3 The members to the Punj Lloyd CSR Council be added / removed with the approval (including ex-post facto approval) of the Committee. However, the Board of Directors of the Company shall be eligible to induct / remove any member on the CSR Council.

### 2.3.4 Extended Council Members

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1. Extended members include employees in the Company and/or associated registered Trusts, Societies, or Section 8 companies operating in India, for supporting causes identified by the CSR Committee.
2. The Extended staff should also be provided with adequate facilities as required.
3. All Extended staff and volunteers must follow norms of confidentiality, if and as applicable.

## 2.4 Scope of Functions of CSR Committee

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**2.4.1** The function of the CSR Committee will be to formulate and recommend to the Board, the activities to be undertaken by the company as specified in Appendix III and the amount of expenditure to be incurred on these activities.

### 2.4.2 Ancillary Activities:

- i. To publicise the CSR Policy and initiatives org-wide, especially through mailers, screensaver and Policy documentation and upload(s) on website.
- ii. To plan and carry out workshops to increase employee awareness on various projects and initiatives.
- iii. Such other activities as directed by the Board of Directors of the Company and/or as deemed appropriate and expedient by the Committee for the furtherance of CSR objectives of the Company, in pursuance with the Regulations.

### 2.4.3 Transparent Monitoring Mechanism

The CSR Committee shall prepare a transparent monitoring mechanism for ensuring implementation of the projects / programmes / activities proposed to be undertaken by the Company.

The CSR Committee shall have the authority to obtain professional advice from external sources and have full access to information contained in the records of the Company as well as the powers to call any employee / external consultant or such other person(s) and for such purpose as may be deemed expedient for the purpose of accomplishments of overall CSR objectives laid down under the Act.

## 3. Procedures

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### 3.1 Funding

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1. As per the Regulations the Company will make available as and when requested, for annual CSR activities, an amount equal to 2% of the average Net Profits of the Company made during the three immediately preceding financial years.
2. Annexure III contains the details of the proposed expenditure for respective Financial Year, towards CSR activities. The same shall be amended annually according to the

Financial Year after the review by the Committee or at such time, as the Committee may deem fit.

### 3.2 Planning and Implementation

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1. For the purpose of focusing its CSR efforts in a continued and effective manner, employment enhancing skill development and education are identified as main thrust area, besides other activities permitted under the Regulations.
2. The Projects may be divided into two main categories – Direct Project Funding and CSR Partner Funding. Projects which involve considerable financial commitment undertaken on a timeframe of 1-3 years where Punj Lloyd will be the primary sponsor, will be considered under Direct Project Funding and accorded due significance. CSR Partner Funding will include all services provided by Punj Lloyd like manpower, rental space, construction expertise and the like.
3. A list of CSR projects/programmes which the Company plans to undertake during the implementation year will be laid down before the Committee at the beginning of each year, specifying modalities of execution in the areas/sectors chosen and implementation schedules for the same.
4. Identification of projects and the executing agency/NGO will be made, *inter-alia*, by assessing the following:
  - a. Project Objectives
  - b. Baseline survey – As-is and To-be state basis, accordingly the outcome of the project will be measured.
  - c. Implementation schedules – Timelines for milestones of the project will need to be prescribed and agreed upon
  - d. Responsibilities and authorities
  - e. Major results expected and measurable outcome including the expenses/charges ratio as against the actual CSR spend.
5. If the Company decides to set up a Trust or Section 8 Company, or Society or Foundation or any other form of entity operating *within India* to facilitate implementation of its CSR activities in accordance with its stated CSR Policy, the following shall apply:

- 1) The Company would need to specify the projects/programmes to be undertaken by such an organization, for utilizing funds provided by it;
- 2) The Company shall establish a monitoring mechanism to ensure that the allocation is spent for the intended purpose only;
6. The Company may also conduct/implement its CSR programmes through Trusts, Societies, or Section 8 companies *operating* in India, which are not set up by the Company itself, herein collectively referred to as 'CSR Partner' or 'CSR Partner(s)'.
7. Such spends may be included as part of its prescribed CSR spend only if such organizations have an established track record of at least three years in carrying on activities in related areas.
8. Company may collaborate or pool resources with other companies to undertake CSR activities within India. Only activities which are not exclusively for the benefit of employees of the company or their family members shall be considered as CSR activity.

### 3.3 Projects / Partners

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1. CSR Committee in consultation of the Board of Directors of the Company will identify suitable projects for implementation in line with the objectives of the Company and requirements laid down under the Regulations. These projects would be executed either directly by the Company and/or through CSR Partner(s)

### 3.4 Criterion for CSR Partner(s) and Agreement

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1. While identifying projects, CSR Committee will assess CSR Partner(s) organizations who would execute the projects at the grass root level. At a minimum they need to meet the following criteria:
  - a. The CSR Partner(s) has a permanent office/address in India;
  - b. The CSR Partner(s) is a Trusts, Societies, or Section 8 Company having an established track record of three years in undertaking similar CSR programs or projects in pursuance with the relevant regulations;
  - c. Possesses a valid income-tax Exemption Certificate
  - d. The antecedents of the CSR Partner are verifiable

- e. Have requisite framework to report progress/status of the projects on a quarterly basis on agreed parameters
  - f. Maintain a required level of auditable records on the CSR initiatives conducted in conjunction with Punj Lloyd as agreed mutually
2. Once the project/program is approved, Punj Lloyd and the CSR Partner may enter into a standard MOU.

The indicative partners and extant philanthropic initiatives form part of this Policy as Annexure I. The Committee is authorised to alter these partners and programmes hereunder for undertaking CSR activities hereunder.

### **3.5 Review and Reporting**

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The CSR Committee will review the philanthropic activities of the Company and will provide progress update to the Board of Directors every six months/such other intervals as deemed fit.

The Company will report, in the prescribed format as set out herein as Annexure II, the details of CSR initiatives and activities of the Company in the Directors' Report and on the website of the Company, as required under the Regulations. Such reporting will be done, pertaining to financial year(s) commencing on or after the 1<sup>st</sup> day of April 2014.

### **4. Monitoring**

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1. Appropriate documentation and amendments of the CSR Policy, annual CSR activities, reports on execution by CSR Partner(s) and expenditures will be undertaken on a regular basis and same will be available to the Board of Directors of the Company.
2. Initiatives undertaken on the CSR front will be reported in the Annual Report of the Company.
3. The CSR Committee and persons / entities authorised by it, will conduct due diligence checks on the current projects/partners on a quarterly basis and report anomalies, if any, immediately.

4. Based on analysis of current projects, carry out roadmap planning for allocation of budget and selection of projects. The same will be done at least once in a financial year.
  
5. Plan and publish an annual calendar of major events so as strive for maximum participation of stakeholders/society.

## 5. Amendments to the Policy

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The Board of Directors on its own and/or as per the recommendations of CSR Committee can amend this Policy, as and when required as deemed fit. Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the Regulations on the subject as may be issued from relevant statutory authorities, from time to time.

In case of any clarification on any matter, including interpretation of this Policy, the Company Secretary of the Company shall be contacted. The decision of the Board of Directors on all matters, relating to this Policy, shall be final and binding upon all concerned.

This Policy is subject to continuous review and updates as may be required from time to time.

### Partners and Philanthropic initiatives

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Punj Lloyd set-up Craftsmen Training Institute (CTI) in Banmore, Madhya Pradesh in 2009 as a not-for-profit venture with the aim of providing skill based training to labor force from all over India. Since then it has been providing training to 100-150 people per year in the civil and mechanical trades.

In 2013 CTI team was given mandate to provide training to up-skill skilled (supervisors) and semi or unskilled workers. The goal for 2014-2015 is to provide training to at least 1000 such people at CTI or at the client site. The projects earmarked for the year include training of supervisors at CTI and training of workers at Nagpur.

We have also partnered with Pandit Kanhaiya Lal Dayawanti Punj Foundation which has been in existence for 25 years and whose mission is to provide holistic development of communities in the areas of health, education and livelihood. The primary focus has been in and around Sitamarhi, a place in Eastern UP, where quality education is being provided to 1500+ students, teacher training education to 95+ trainees and health-related services is to approximately 25,000 patients, annually. The Foundation runs as a charitable society under the auspices of SNP Punj & family.

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**Format for the Annual Report on CSR Initiatives to be included in the Board of Directors report on CSR to form part of the Annual Report and website of the Company**

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1. Brief outline of Company's CSR Policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs.
2. The composition of the CSR Committee.
3. Average Net Profit of the company for last three financial years
4. Prescribed CSR Expenditure (two percent of the amount as in item No. 3 above)
5. Details of CSR spent during the financial year:
  - a. total amount to be spent for the financial year:
  - b. amount unspent:
  - c. manner in which the amount spent during the financial year is detailed below:

S. No.	CSR project / activity identified	Sector in which the Project is covered	Projects /Programmes 1.Local area/others- 2.Specify the state and district where projects or programs were undertaken	Amount outlay (budget) project/ programs wise	Amount spent on the project /programs Subheads: 1.Direct expenditure on project, 2.Overheads	Cumulative spend up to the reporting period	Amount spent: Direct /through implementing agency*
1							
2							

*\*Details of implementing Agency*

6. In case the Company fails to spend the 2% of the Average Net Profit (INR) of the last 3 financial years, the reasons for not spending the amount shall be stated in the Board report.
7. Responsibility statement, of the CSR Committee, that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company duly signed by Director and Chairperson of the CSR Committee.

### Proposed Expenditure on CSR Activities for Financial Year 2014-15

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2% of the average Net Profits of the Company made during the three immediately preceding financial years implies a zero spend in fiscal year 2014-2015 based on the net loss of the PLL Group which is the only entity that qualifies (based on net worth and turnover) under the financials stipulated by the act.

However we have intentions to continue the socially beneficial projects we are associated with although we are not obligated to do so.

Rs. Lacs

Sr. No.	Organization Name	Amount
I.	<b>Direct Funding</b>	
	Skill Development	
	Banmore, CTI *	15.0
	Nagpur, Maharashtra **	2.5
II.	<b>CSR Partner Funding</b>	215.0
III.	<b>Total Committed</b>	<b>232.5</b>

\*This figure includes only 5% of the total spend of training employees, supervisors and engineers, as stipulated in Section 1.5.2 of the Act

\*\* 100% of the total spend qualifies under CSR spend since this is for contract workers who are semi-skilled or unskilled

- The aforesaid projects will be implemented by CSR Committee under the overall supervision and monitoring of the Board of Directors of the Company.