



CORPORATE SOCIAL RESPONSIBILITY POLICY

1. Vision

Penna always strives for creating a warm space in the society by contributing its profits share towards the social cause of betterment of society. Penna 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.

2. Definitions

1. "Act" means the Companies Act, 2013;
2. "Rules" means Companies (Corporate Social Responsibility Policy) Rules, 2014;
3. "Corporate Social Responsibility (CSR)" means and includes but 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 the Company in pursuance of recommendations of the CSR Committee of the Board as per declared CSR policy subject to the condition that such policy will cover activities enumerated in Schedule VII to the Act;
4. "CSR Committee" means the Committee of the Board of Directors of Arcil constituted pursuant to the provisions of Section 135 of the Act;
5. "Company/Penna" means Penna Cement Industries Limited;

Company and 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 the Company;
6. "Net Profit" means the net profit of the Company as per its financial statement prepared in accordance with the applicable provisions of the Act.

Provided that net profit in respect of financial year for which the relevant financial statements were prepared in accordance with the provisions of the Companies Act, 1956 shall not be required to be re-calculated in accordance with the provisions of the Companies Act, 2013.

Words and expressions used in this Policy and not defined herein but defined under the Act shall have the same meanings respectively assigned to them.

3. 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.

Penna at its meeting held on 14.06.2014 approved the constitution of a three-member Corporate Social Responsibility (CSR) Committee of the Board, comprising of Executive Chairman, Managing Director & CEO and one 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 Policy which shall indicate the activities to be undertaken by the Penna as specified in Schedule VII;
- (b) recommend the amount of expenditure to be incurred on the activities referred to in Section (a); and
- (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.

4. CSR activities

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

- (i) **HUNGER, POVERTY, MALNUTRITION AND HEALTH:** Eradicating extreme hunger, poverty and malnutrition, promoting preventive healthcare and sanitation and making available safe drinking water.
- (ii) **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.
- (iii) **RURAL DEVELOPMENT PROJECTS:** Strengthening rural areas by improving accessibility, housing, drinking water, sanitation, power and livelihoods, thereby creating sustainable villages.
- (iv) **GENDER EQUALITY AND EMPOWERMENT OF WOMEN:** Promoting gender equality and empowering women; setting up homes, hostels and day care centers 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

(v) ENVIRONMENTAL SUSTAINABILITY: Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro-forestry, conservation of natural resources and maintaining the quality of soil, air and water.

(vi) NATIONAL HERITAGE, ART AND CULTURE: Protecting national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promoting and developing traditional arts and handicrafts.

5. Surplus of CSR project

Surplus if any arising out of the CSR project or programs or activities shall not form part of the business profit of the Company.

6. CSR Expenditure

Every year, Penna 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/NGO, on such schedule and to finance such CSR Activities as may be mutually agreed.

The employee costs and other administrative overheads would form a part of the programme and projects so selected.

CSR Projects or Programs or activities undertaken in India only shall amount to CSR Expenditure.

If for some reason the funds are not utilized within the fiscal year, such unutilized funds would be automatically carried forward for utilization in the succeeding year(s) for CSR activities.

Tax Treatment: 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).

7. Geographies and target communities

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

8. CSR reporting & display of CSR Policy on companies website

The CSR Policy of the company shall be placed on the website of the Company www.pennacement.com. A detailed status report on the CSR activities carried out by the Company shall be disclosed every year as a part of the Board Report in the Annual Report. The CSR committee will also make a Responsibility Statement stating that the CSR Policy implementation and monitoring thereof is in letter and spirit, in compliance with the CSR objectives.

9. 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.

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.

10. Amendments

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


