



Permanent Magnets Ltd.

Corporate Social Responsibility (CSR) Policy

Permanent Magnets Limited

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1. PREAMBLE :

Corporate Social Responsibility or CSR, refers to the belief that businesses have a responsibility to society beyond their obligations to their stockholders or investors.

CSR is a way of conducting business, by which a corporate entity visibly contributes to the social good. At Permanent Magnets Limited (herein referred as 'PML' or 'the Company'), our Purpose is to build trust and solve important problems in society. We endeavour to evolve our relationship with all our stakeholders for the common good, and validate our commitment in this regard by adopting appropriate business processes and strategies.

The Company's focus has always been to contribute to the sustainable development of society and the environment.

2. SCOPE & LIMITATIONS :

This Policy has been formulated in accordance with Section 135 of the Companies Act, 2013 ("Act") and the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, notified by the Ministry of Corporate Affairs vide Notification dated 22nd January 2021.

Limitations

In accordance with Section 135 of the Act and the Rules, the following activities would not qualify as CSR activities:

- (i) activities benefitting 'employees' of PML , as defined in clause (k) of section 2 of the Code on Wages, 2019
- (ii) activities undertaken in pursuance of normal course of business of PML;
- (iii) One-off events such as marathons/ awards/ charitable contribution/advertisement/sponsorship of television programs, etc.;
- (iv) Contribution of any amount directly or indirectly to any political party under section 182 of the Act;
- (v) any activity undertaken outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;
- (vi) activities carried out for fulfillment of any other statutory obligations under any law in force in India; and
- (vii) activities supported by the Company on sponsorship basis for deriving marketing benefits for its products or services.

3. OBJECTIVE:

The Objective of this Policy is to:

- Establishing a guideline for compliance with the provisions of Regulations to dedicate a percentage of Company's profits for social projects.

- 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.
- Identify broad areas of intervention in which the company will undertake projects.

4. DEFINITIONS :

a) **Act:** The Act means Companies Act, 2013.

b) **Corporate Social Responsibility:** It means Corporate Social Responsibility (CSR) as prescribed under Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 (“Rules”) as amended from time to time.

c) **CSR Activity:** means the activities to be undertaken by the Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in the Act read with Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time, but shall not include the following, namely:-

- (i) activities undertaken in pursuance of normal course of business of the company;
- (ii) any activity undertaken by the company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;
- (iii) contribution of any amount directly or indirectly to any political party under section 182 of the Act;
- (iv) activities benefitting employees of the company
- (v) activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services; and
- (vi) activities carried out for fulfilment of any other statutory obligations under any law in force in India;

d) **CSR Committee:** It means the CSR Committee of the Board of Directors formed under Section 135 of the Act.

e) **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:

f) **Average Net Profit:** It shall be calculated in accordance with the provisions of Section 198 of the Companies Act, 2013.

g) **“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 based on reasonable justification;

h) **“CSR Amount”**: means the amount which the Company is required to spend on CSR Activities which shall be at least two per cent. of the average net profits of the company made during the three immediately preceding financial years or such higher amount as the Board of the Company may decide to spend on CSR activities.

5. GEOGRAPHIC REACH:

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.

6. FOCUS AREA:

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

1. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the central government for the promotion of sanitation and making available safe drinking water;
2. Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
3. Promoting gender equality, empowering women, setting up homes and hotels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
4. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, 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;
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 benefit of armed forces veterans, war widows and their dependents;
7. Training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports;
8. Contribution to Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Schedule Castes, the Scheduled Tribes, other backward classes, minorities and women;
9. (a) 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; and

(b) 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).]

10. Rural development projects;

11. Slum area development;

'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.

12. Disaster management, including relief, rehabilitation and reconstruction activities.

7. CSR COMMITTEE:

The CSR Committee shall consist of three or more Directors, out of which at least one director shall be an independent director. The Committee shall meet, whenever required, to discuss and review CSR activities and Policy. Quorum for the CSR Committee Meeting shall be one-third of its total strength (any fraction contained in that one-third be rounded off as one) or two members, whichever is higher.

The Committee shall have the authority to invite such employee(s), senior official(s) and or externals experts, as it may deem fit, to attend the CSR Committee Meeting(s). The Company Secretary, if any, shall act as Secretary to the Committee.

The composition of the CSR Committee of the Board is as under.

S. No.	Name	Designation/Category	Designation – CSR Committee
1.	Shri. Nirmal Kumar Jain	Independent Director	Chairman
2.	Shri. Sharad Taparia	Managing Director	Member
3.	Shri. Mukul Taparia	Director	Member

8. ROLES AND POWERS OF THE CSR COMMITTEE:

- Formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company.

(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 as specified in Rules

(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.

- Recommend the amount of expenditure to be incurred on the activities referred to in above clause.

- Monitor the Corporate Social Responsibility Policy of the company from time to time.

- Formulate and share the CSR annual action plan with budget for the year with the Board of Directors and seek approval. Implement the activities either through the Implementation Agency or directly through its own team.

- Spend the allocated amount on CSR activities once approved by the Board of Directors and create a transparent monitoring mechanism of CSR initiatives.

- Submit periodic reports to the Board for the activities undertaken.

9. ROLE OF THE BOARD :

The roles and responsibilities of the Board shall include:

- (i) Approve and adopt this Policy and the annual action plan, upon review of the recommendations made by the CSR Committee.
- (ii) Review the recommendations made by the CSR Committee in respect of annual budget for CSR.
- (iii) Disclose the composition of the CSR Committee in its report under section 134 of the Act, and the composition of the CSR Committee, this Policy and the projects approved by the Board on the Company's website, if any, for public access.
- (iv) Ensure that PML spends in every financial year, at least two (2%) percent of the average Net Profits made during the 3 (three) immediately preceding financial years on CSR activities, in accordance with this Policy.
- (v) Ensure that the CSR activities are undertaken and executed by the Company as per the Policy, the Act and other applicable laws, including ensuring compliance with Rule 4 of the Rules.
- (vi) If the Company fails to spend the amount as mentioned in (iv) above in any financial year, specify in the Board's report made under section 134 of the Act, the reasons for not spending the amount and, unless the unspent amount relates to any Ongoing Project, transfer such unspent amount to a fund specified in Schedule VII to the Act, within a period of six months of the expiry of such financial year. Alter the recommended annual action plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.

10. 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 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 as specified in the Rules;
- (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:

The Board of a company shall satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.

In case of ongoing project, the Board of a Company shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.

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.

CSR Policy and initiatives of the Company will be reported in the Annual Report of the Company in the manner prescribed under the CSR Rules. All the CSR & Sustainability projects would be documented and hosted on the Company's website also. The Board's Report shall include an annual report on CSR containing particulars specified in the CSR Rules. The Board of Directors of the Company shall mandatorily disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on their website, if any, for public access.

11. CSR EXPENDITURE :

The Board shall ensure that the administrative overheads shall not exceed five (5) percent of total CSR expenditure of the Company for the financial year.

12. SURPLUS ARISING OUT OF THE CSR ACTIVITIES:

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.

13. EXCESS SPENDING ON CSR ACTIVITIES:

If the Company spends an amount in excess of requirement provided in the Act such excess amount may be set off against the requirement to spend under the Act 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,

(ii) the Board of the company shall pass a resolution to that effect

14. CREATION OR ACQUISITION OF A CAPITAL ASSET:

The CSR amount may be spent by a company for creation or acquisition of a capital asset, which shall be held by –

- (a) a company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number or
- (b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
- (c) a public authority

15. TRANSFER OF UNSPENT CSR AMOUNT:

Any amount remaining unspent pursuant to any ongoing project, fulfilling such conditions as may be prescribed, undertaken by the company in pursuance of its Corporate Social Responsibility Policy, shall be transferred by the company within a period of thirty days from the end of the financial year to a special account to be opened by the Company in that behalf for that financial year in any scheduled bank to be called 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 company shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year.

Until a fund is specified in Schedule VII of the Act for the purposes of the unspent CSR amount, if any, shall be transferred by the Company to any fund included in schedule VII of the Act.

If the company fails to spend CSR amount, the Board shall, in its report shall specify the reasons for not spending the amount and, unless the unspent amount relates to any ongoing project, transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

16. AMENDMENTS TO THE POLICY:

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

The Board of the Company has adopted this updated Policy at the Meeting of the Board held on August 09, 2024.

Annual Action Plan

In pursuance of this CSR Policy, the CSR Committee of the Company shall formulate and recommend to the Board an annual action plan containing the following items:

- a. A list of CSR projects approved to be undertaken by the committee -
 - i. Details on focus areas (as per Schedule VII), target beneficiaries, and project geographical location(s).
- b. Manner of execution –
 - i. As specified in above Policy.
- c. Modalities of utilization of the funds -
 - i. Details on funds allocation, disbursement and utilization towards finalized projects.
- d. Implementation schedules -
 - i. Details on key milestones for completion of approved project activities within the agreed project duration.
- e. Monitoring and reporting mechanisms -
 - i. Details on qualitative and quantitative indicators set for measuring the impact of the project.
 - ii. Details on periodic project reviews to assess the progress.
- f. Details of need and impact assessment plan, if any -
 - i. Details on qualitative and quantitative impact achieved, measured through a study conducted by an independent third-party agency.