



CORPORATE SOCIAL RESPONSIBILITY POLICY

INTRODUCTION

For us at Paul Merchants Ltd, reaching out to underserved communities is part of our rich culture. We believe in the trusteeship concept. We believe, we will be a more satisfied corporate when we operate according to the highest ethical standards, address unmet social needs, function with compassion and promote the wellbeing of citizens of this country, their communities and the entire environment. We strongly believe that a responsible corporate should go beyond the Statutory compliances and put something back into the society, which has given so much to the corporate. This entails transcending business interests and doing something for the people who are grappling with the "quality of life" challenges and working towards making a meaningful difference to them.

OUR VISION

"To actively contribute to the social and economic development of the communities in which we operate. In so doing build a better, sustainable way of life for the weaker sections of society and raise the country's human development index".

PML is vigilant in its enforcement towards corporate principles and is committed towards sustainable development and inclusive growth. The company constantly strives to ensure strong corporate culture which emphasizes on integrating CSR values with business objective. It also pursues initiatives related to quality management, environment preservation and social awareness.

OBJECTIVES

The objectives of this policy are to –

- Demonstrate commitment to the common good through responsible business practices and good governance
- Actively support the state's development agenda to ensure sustainable change
- Set high standards of quality in the delivery of services in the social sector by creating robust processes and replicable models
- Engender a sense of empathy and equity among employees of PML to motivate them to give back to the society

APPLICABILITY

1. CSR policy of PML has been developed in line with corporate philosophy of PML, in consonance with Section 135 of the Companies Act 2013 and in accordance with the



Companies (Corporate Social Responsibility Policy) Rules as amended from time to time.

2. The Policy shall apply to all CSR projects/programmes undertaken by the Company in India as per Schedule VII of the said Act.

CSR BUDGET

CSR Committee will recommend the annual budgeted expenditure to the Board for its consideration and approval for any Financial Year in the first meeting of the Financial Year

BOARD

The Board of PML will be responsible for:

- a. approving the CSR policy as formulated by the CSR Committee
- b. ensuring that in each Financial Year the Company spends at least 2% of the average net profit, computed as per Section 198 of the Companies Act, 2013 read over with Section 2(h) of the Companies (Corporate Social Responsibility Policy) Rules, during the three immediate preceding financial years.
- c. ensuring that every financial year funds committed by the Company for CSR activities are utilized effectively
- d. regularly monitoring the implementation of CSR policy.
- e. disclosing in its Annual Report the names of CSR Committee members, the content of the CSR policy and ensure annual reporting of its CSR activities on the Company website.
- f. ensuring annual reporting of CSR policy to the Ministry of Corporate Affairs, Government of India, as per the prescribed format.
- g. Ensuring that the administrative overheads shall not exceed 5% of total CSR expenditure of the company for the financial year.

As per Section 135, the reasons for under spending of the allocated CSR budget shall be specified in the Board's Report. The surplus arising out of the CSR activities, if any, will not be considered as a part of the business profits of the company.

CSR COMMITTEE

- I. **Composition:** The committee will consist of three or more directors out of which, atleast one will be an independent director. At present following are the Members of the CSR Committee:

Mr. Sandeep Bansal, Non Executive Director, Chairman



Mr. Rajneesh Bansal, Executive Director
Mr. Vigyan Arora, Independent Director

The Board can reconstitute the committee in case of any resignation or appointment of any new member.

II. The CSR committee will be responsible for:

- a. formulating the CSR policy in compliance to Section 135 of the Companies Act, 2013
- b. identifying activities to be undertaken as per Schedule VII of the Companies Act 2013 .
- c. recommending to Board the CSR expenditure to be incurred.
- d. recommending to Board, modifications to the CSR policy as and when
- e. required.
- f. regularly monitoring the implementation of the CSR policy
- g. Formulating and Recommending to the Board an Annual Action Plan on CSR

MONITORING AND REPORTING FRAMEWORK

The CSR Committee shall monitor the implementation of the CSR Policy through periodic reviews of the activities undertaken by the Company under this policy. The more details are listed under guiding principles for monitoring of CSR activities.

CFO CERTIFICATE

An Annual Certificate from Chief Financial Officer of the Company shall be placed before the CSR Committee as well as the Board of Directors of the Company in the first meeting held after close of Financial Year in terms of Rule 4(5) of the Companies (Corporate Social Responsibility Policy) Rules.

GUIDING PRINCIPLES FOR SELECTION, IMPLEMENTATION AND MONITORING OF ACTIVITIES

The Company shall follow the following guiding principles for selection, implementation and monitoring of CSR Activities as well as formulation of the Annual Action Plan:



a. Guiding principles for selection of CSR initiatives:-

- (i) CSR Committee shall recommend to the Board, the activities to be undertaken by the Company.
- (ii) The power to approve CSR activities shall vest with the Board of Directors of Paul Merchants Ltd
- (iii) All activities will be identified in an objective manner keeping in mind the ultimate beneficiaries and gauging their basic needs. Consultation with the locals like village panchayats and influential people of the area, will also be resorted to, wherever necessary to sense the most critical needs of the area concerned.
- (iv) CSR initiatives to supplementing the Central/State Govt. Schemes
- (v) Preference shall be given to local area where the Company has its operations or has its offices or branches;
- (vi) The Company shall undertake CSR Activities only in pursuance of its CSR policy and which are listed in Schedule VII of the Companies Act, 2013 as may be amended from time to time. The CSR Committee, from time to time shall choose activities out of the list to be undertaken under this policy
- (vii) CSR Projects or programs or activities undertaken in India only shall be accounted as CSR Expenditure
- (viii) The Company shall not discriminate on any grounds whatsoever, including race, gender, age, ethnicity, caste, religion, domicile in implementation of its CSR activities but it may focus its CSR Activities to benefit the economically or socially weaker, or marginalised sections, of the society.
- (ix) The Company shall endeavour to maintain transparency in selection, implementation, monitoring and reporting of CSR Activities.

b. Guiding principles for implementation of CSR initiatives:-

- (i) The Company shall ensure that all CSR Activities undertaken directly or indirectly, meet applicable standards of quality followed by Company and/or are the market standard for such activities.
- (ii) The activities which can be implemented by PML either directly or by engaging Contractors for infrastructural development shall be taken up by PML
- (iii) The activities which cannot be taken up directly by PML because of its nature, size and other limitations, shall be considered for implementation through implementing agencies, provided that the implementing agency conforms to the eligibility criteria as specified in the [Companies \(Corporate Social Responsibility](#)



Policy) Rules and have relevant experience and good credentials. PML may also collaborate with internationally/nationally reputed Foundations / Organizations.

- (iv) The Company shall ensure that all the CSR Activities are implemented as per the Annual Action Plan approved by the Board.

c. Guiding principles for monitoring of CSR initiatives:-

- (i) Monitoring of CSR projects shall go concurrently with implementation, to assess if the progress is on expected lines and as per budgeted
- (ii) Like implementation, monitoring too shall be done in project mode with continuous feedback mechanism, for mid-course correction in implementation, whenever required
- (iii) Monitoring shall be performed by CSR Committee, which can designate a team of PML officials for this task to help mid-course correction, if required
- (iv) In compliance with the Act and to ensure that funds spent on CSR programmes are creating the desired impact on the ground, a comprehensive Monitoring and Reporting framework will be put in place, wherein the expenditure heads, geography covered, periodicity and distribution of expenditure over various heads will be monitored on regular basis.
- (v) the Board of Directors of the Company shall mandatorily disclose the composition of the CSR Committee, CSR Policy and Projects approved by the Board on the website of the Company, for public access
- (vi) Any surplus arising out of the CSR activities shall not form part of the business profit of a company

d. Guiding principles for formulation of Annual Action Plan

Every year, the CSR Committee of the Company shall formulate and recommend to the Board an Annual Action Plan in pursuance of its CSR policy, which shall include the following, namely: -

- (i) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
- (ii) the manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4;
- (iii) the modalities of utilisation of funds and implementation schedules for the projects or programmes;
- (iv) monitoring and reporting mechanism for the projects or programmes; and



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- (v) 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.

**SD/-
(RAJNEESH BANSAL)
MANAGING DIRECTOR**