

**MODISON
LIMITED**

33 - Nariman Bhavan, 227 - Nariman Point,
Mumbai - 400021 India
T: +91-22-2202 6437 F: +91-22-2204 8009
E: sales@modison.com W: www.modison.com
Cin No.: L51900MH1983PLC029783



(Formerly known as MODISON METALS LIMITED)

MODISON LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY

1. PREAMBLE:

The concept of Corporate Social Responsibility (CSR) has gained prominence from all avenues. Organizations have realized that Government alone will not be able to get success in its endeavor to uplift the downtrodden of Society. With the CSR, companies are able to develop their own social investment strategies and decide where to invest and implement programs, but the government has recommended particular areas of need, including eradicating hunger and poverty, maternal and child health, promoting gender equality and environmental sustainability etc. Companies should give preference to the local areas where they operate. When the provision for Corporate Social Responsibility (CSR) was introduced by Companies Act 2013, it was being said by the Government that the provision for Corporate Social Responsibility (CSR) will follow what is globally known as "Comply or Explain (COREX)", which means the Companies will not be mandated to spend on Corporate Social Responsibility (CSR) and the Board Report will only give reasons for not spending.

For **MODISON LIMITED (ML)** in the present context, CSR means not only investment of funds for social activities but also integration of business processes with social processes.

ML believes that, with its core business interests in various segments and exports, the Company plays an important role in strengthening the fabric of society, by generating employment and business opportunities. **ML** is committed to continuously improving its social responsibilities as a good corporate citizen, to make positive impact on the society.

The Ministry of Corporate Affairs (MCA) has amended the Companies (Corporate Social Responsibility Policy) Rules, 2014 through notification dated January 22, 2021. Through the said amendment, MCA has brought major changes in the Companies (Corporate Social Responsibility) Rules, 2014 through the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.

2. OBJECTIVE:

The main objective of the CSR Policy is to lay down guidelines for the Company to make CSR as one of the key focus areas for making a positive contribution to society through effective and sustainable programs. This Policy covers the proposed CSR activities to be undertaken by the Company and ensuring that they are in line with Section 135 read with Schedule VII of the Companies Act, 2013 ("the Act") as



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amended from time to time. It covers the CSR activities which are being carried out in India only and includes strategy that defines plans for future CSR activities.

3. COMPOSITION OF CSR COMMITTEE:

The CSR Committee shall be comprised in accordance with the requirements of the Act and the Rules made thereunder. The Members of CSR Committee shall be appointed by the Board of Directors of the Company which must consist of at least three or more Directors out of which minimum one director shall be an Independent Director.

According to Section 135 of the Act to inter alia carry out the following functions;

- a) To formulate and recommend Board, a CSR Policy which shall indicate the activities taken by the Company in areas or subject, specified in Schedule VII of the Companies Act, 2013 and rules made thereunder;
- b) To review from time to time CSR Policy in the light of emergent situation and statutory framework;
- c) To recommend the amount of investment to be made in CSR activities;
- d) To monitor the implementation of CSR Policy and review overall performance in CSR programmes;

4. ROLE AND RESPONSIBILITIES OF CSR COMMITTEE:

- (i) To formulate, recommend and modify whenever necessary, the Corporate Social Responsibility Policy to the Board;
- (ii) to recommend CSR activities to be undertaken by the Company in areas as stated in Schedule VII;
- (iii) To recommend the amount of expenditure to be incurred on activities referred above;
- (iv) To monitor the CSR Policy of the Company from time to time;
- (v) To formulate and recommend to the Board, an annual action plan;
- (vi) Any other activities/ programs/ functions, as may be assigned by the Board;
- (vii) Submit the Reports to the Board in respect of the CSR activities undertaken by the Company.

5. CSR ACTIVITIES:

The Company shall undertake its CSR activities in the areas as identified under Schedule VII of the Companies Act, 2013 (including all such amendments as may be in force from time to time). The Company may undertake its CSR activities, either itself or through any other Company or association or Registered Trust or Registered Society as prescribed under the provisions of Companies Act, 2013 read with Rules made thereto.



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5.1. AREAS/ACTIVITIES NOT COVERED UNDER CSR:

Areas/activities specifically excluded from the scope of CSR activities:

1. Activities undertaken in pursuance of normal course of business of the Company. (However, if the Company is engaged in Research & Development activity of new vaccine, drugs and medical devices related to COVID-19 in normal course of business may be included for F.Y. 2020-2021, 2021- 2022, 2022-23 subject to conditions that such Research & Development activity is carried out with institutes or organizations mentioned under item (ix) of Schedule VII to the Act and such details are mentioned separately in Annual Report on CSR included in Board's Report).
2. Any activity undertaken by the Company outside India. (Exception - For training of sports personnel representing State or UT at national or international level).
3. Contribution of any amount directly or indirectly to any Political Party under Section 182 of the Act.
4. Areas/activities that benefits only the Employees of the Company as defined in clause (k) of the Section 2 of the Code on Wages, 2019.
5. Activities supported by Company on sponsorship basis for taking market benefit of its product or services.
6. Activities carried to fulfill any statutory obligation under any law in India.

5.2 ANNUAL CSR PLAN:

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;
- (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 may alter Annual Action plan at any time during the financial year, as per the recommendation of CSR Committee, based on the reasonable justification to that effect.

The surplus arising out of the CSR activities, projects or programs shall not form part of the business profit of the Company.

The company shall continue to focus on group projects, new & ongoing projects and give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities.



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5.3 ONGOING PROJECTS:

"Ongoing Project" means a multi-year project undertaken by a 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. The CSR Committee may identify and recommend to the Board "Ongoing Project/s" and may designate some of the existing CSR projects as an Ongoing Project and such Ongoing Projects shall be selected, implemented, monitored and reported in accordance with the applicable CSR Provisions.

6. CSR BUDGET:

The Company shall spend, in every financial year, at least 2% of the average net profits of the Company made during the 3 (Three) immediately preceding financial years, in pursuance of this Corporate Social Responsibility Policy. The CSR expenditure shall include all expenditure including contribution to corpus of implementing agency or on projects or programs relating to CSR activities approved by the Board of Directors 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 stated under Schedule VII of the Act.

In case the company spends an amount in excess of the 2%, then the company may set off such excess amount up to immediate succeeding 3 (Three) financial year subject to following conditions:

- (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.

7. CSR REPORTING:

The Board's Report of the Company shall include an annual report on CSR containing particulars as specified under Section 135 of the Act read with the CSR Rules.

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.

8. CSR IMPACT ASSESSMENT REPORT:

- (a) The Company shall undertake impact assessment from an Independent agency, if the average CSR obligation is Rs. 10 Crores (Rupees Ten Crores) or more in the three immediately preceding financial years, for its CSR projects having the outlays of Rs.



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- 1 Crore (Rupees one crore) or more and have been completed more than one year before undertaking the impact study;
- (b) The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR;
- (c) The Company may book the impact assessment expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed 5% of the total CSR expenditure for that financial year or Rs. 50 Lakh (Rupees Fifty Lakh), whichever is less.

9. TREATMENT OF UNSPENT AMOUNT:

If the Company fails to spend the required amount in a particular financial year, the treatment of unspent CSR amount shall be as under:

(a) In case unspent amount not relating to ongoing Project:

- The Board of Directors in their Annual Report pertaining to that particular Financial Year shall specify the reasons for not spending the amount; and
- The Company shall transfer such unspent amount to a Fund specified in Schedule VII, within a period of 6 (Six) months of the expiry of the said financial year.

(b) In case unspent amount relating to any ongoing Project:

- The Company shall open a special account in any scheduled bank to be called "Unspent Corporate Social Responsibility Account" and transfer such unspent amount, within a period of 30 (Thirty) days, from the end of that financial year to above mentioned 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 3 (Three) financial years from the date of such transfer.
- If the after completion of third year also the amount remains unspent, 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.

AMENDMENTS:

The provisions of the Act and the CSR Rules (as amended from time to time) and any Notification/ Circular/ clarifications issued by Authorities, shall automatically apply and be part of this CSR Policy.

