

# **CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY**

## **SODIUM METAL PRIVATE LIMITED**

CIN: U24231GJ1970PTC001715



**21, GIDC Chemical Complex, Nandesair, District- Vadodara,  
Gujarat- 391340, India**

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## **1. Preface**

At Sodium we strive to create a positive impact on the communities we serve and on the environment. The Company is committed not just to profits, but also towards leaving a deeper imprint on the society as a whole. We believe that there is a need to strike a balance between the overall objectives of achieving corporate excellence vis-à-vis the company's responsibilities towards the community

## **2. Introduction**

Corporate Social Responsibility a new concept was brought into effect in the year 2013 with the new Companies Act 2013 coming into effect in India. The Act has made it mandatory for certain companies who fulfill the criteria as mentioned under Sub Section 1 of Section 135 to comply with the provisions relevant to Corporate Social Responsibility. As mentioned by United Nations Industrial Development Organization (UNIDO), CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives ("Triple-Bottom-Line- Approach"), while at the same time addressing the expectations of shareholders and stakeholders.

## **3. Objectives**

The objective of the CSR Policy ("Policy") is to lay down the guiding principles in undertaking various Programs and projects by or on behalf of the company relating to Corporate Social Responsibility ("CSR") within the meaning of section 135 of the Companies Act, 2013 read with Schedule VII of the Act and the CSR Policy Rules 2014 as amended by The Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 Dated 22.01.2021. ("Rules")

## **4. CSR obligations**

Pursuant to Section 135 of the Companies Act, 2013 (Act) and Companies (Corporate Social Responsibility Policy) Rules, 2014 (Rules) and Schedule VII appended to said Act and Circular No. 21/2014 dated 18.06.2014 of Ministry of Corporate Affairs (Collectively referred hereinafter as

“Regulations”) every company having net worth of Rs. 500 crores or more or turnover of Rs. 1000 crores or more or a net profit of Rs. 5 crores or more during any financial year shall constitute a Corporate Social Responsibility Committee (CSR Committee) of the Board consisting of three or more directors, out of which at least one director shall be an independent director.

## 5. Definitions

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 (including any statutory modification(s) or re-enactment thereof, for the time being in force), as amended from time to time.
- c) **Financial Year**’ referred under sub-section (1) of Section 135 of the Act read with Rule 3(2) of Companies CSR Rule, 2014 implies ‘any of the three preceding financial years’;
- d) **Net Profit**’ for the purpose of Section 135 means Net Profit before Tax calculated in accordance with the provisions of sec 198 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules 2014 as as amended from time to time, as set out below:

"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:

Provided that in case of a foreign company covered under these rules, net profit means the net profit of such company as per profit and loss account prepared in terms of clause (a) of sub-section (1) of section 381, read with section 198 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.

## **6. Composition of CSR Committee:**

The CSR Committee shall consist of the following directors:

- Ketan Kapasi
- Vimal Kapasi

The CSR Committee may invite any expert member, senior management officials, and other persons as it deem necessary to the committee meetings.

## **7. Role of CSR Committee:**

In terms of Section 135(3) of the said Act and the Rule 5 (2) of The Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 Dated 22.01.2021, the CSR Committee shall:

- a) Formulate and recommend to the Board, an annual action plan in pursuance of its CSR Policy which shall include list of CSR projects to be undertaken, manner of execution of such projects, modalities of utilisation of funds and implementation schedules, monitoring and reporting mechanism, details of need and impact assessment, if any;
- b) Recommend to the Board CSR activities to be undertaken by the Company as specified in Schedule VII appended to the Act during any financial year along with details plan, modalities of execution, implementation, schedule, monitoring process and amount to be incurred on such activities.
- c) Monitor the CSR Policy of the Company from time to time and ensure its compliance.
- d) Submit to the Board report giving status of the CSR activities undertaken, expenditure incurred and such other details as may be required by it.

## **8. Board's Approval to CSR Policy**

The CSR Committee so constituted, shall formulate a Policy on Corporate Social Responsibility (CSR Policy) and recommended it to the Board of the Company.

## **9. Governance**

- a) The CSR Committee is responsible for monitoring of all CSR activities from start to finish.
- b) Programs to be supported via CSR will be selected by it through a transparent process and it shall institute a transparent monitoring mechanism for implementation of CSR activities undertaken by the Company.

## **10. Scope of Activities**

The Company may engage in all or any of the following activities:

### **10.1 Education**

- Promoting Education through initiatives such as:
- All consumer protection program and activities such as Providing effective consumer grievance redressal mechanism, protecting consumer health and safety, sustainable consumption, consumer service, support and compliant resolution, Setting up libraries for schools and colleges
- Livelihood enhancement projects
- Whole School improvement along with school's infrastructure.
- Capacity building of teachers and other stakeholders
- Supplementary education
- Provide fees for a period of one year or more to the poor and meritorious, preferably girl students of the school in the operational area of the Company to enable them to get uninterrupted education.  Provide scholarships
- Improving Educational Facilities in general.

## **10.2 Health and Care**

- Eradicating hunger, poverty and malnutrition
- Promoting preventive health care
- Sanitation
- Making available safe drinking water
- Contribution to the “Swachh Bharat Kosh” set-up by the Central Government for the promotion of sanitation

## **10.3 Environment Sustainability**

- Ensuring environmental sustainability
- Ensuring ecological balance
- Protection of Flora and Fauna
- Animal Welfare
- Agro forestry
- Conservation of natural resources
- Maintaining quality of soil, air and water
- Contribution to the “Clean Ganga Fund” setup by the Central Government for rejuvenation of river Ganga.

## **10.4 Equality**

- Promoting gender equality
- Empowering women
- Setting up homes and hostel for women and orphans
- Setting up old age home, such other facilities for senior citizens
- Day care centres
- Adopting measures for reducing inequality faced by socially and economically backward groups

## **10.5 Rural Development / Transformation**

- Supporting Farm and non-farm livelihoods
- Improving water conservation and rain-water harvesting
- Using technology, upgrading infrastructure towards delivering need based information & services for improving quality of life.
- Improving food security and enhancing nutrition
- Developing Community infrastructure, building capacity of the community and ensuring sustainability.

## **10.6 Other Initiatives**

To undertake other need based initiatives in compliance with schedule VII of the Companies Act, 2013 as amended from time to time.

## **11. Geographical reach**

Regulations provide that the CSR activities shall be undertaken only in India for the benefit of the public and not only for the employees of the Company and their family. It further provides that the Company shall give preference to the local area and areas around it where it operates for spending the amount earmarked for CSR. The Company will thus give preference to conducting CSR activities in the State of Gujarat; wherein the Company has its operation.

## **12. CSR Expenditure**

The CSR expenditure shall be in accordance with Rule 7 of The Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 Dated 22.01.2021

- The Company would strive to spend at least 2% (two percent) of the average Net Profits of the Company made during the three immediately preceding financial years. The surplus arising out of the CSR activity will not be part of business profits of the Company. The Corpus would thus include the 2% of average net profits, as aforesaid, any income arising there from and surplus arising out of CSR activities.
- 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.
- However, 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 subsection (1) of the Act.
- CSR activities should be undertaken by the Companies in project/ program mode (as referred in Rule 4(1) of Companies CRS Rules,



2014).

- Expenses incurred by companies for the fulfilment of any act / statute of regulations (such as Labour Law, Land Acquisition Act etc.) would not count as CSR expenditure under the Companies Act.

### **13. CSR Funding**

As per the Regulations, the Company will set aside 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. Until a fund is specified in Schedule VII for the purposes of subsection (5) and(6) of section 135 of the Act, the unspent CSR amount, if any, shall be transferred by the company to any fund included in schedule VII of the Act.

### **14. Implementation of Activities**

- In furtherance of specific CSR projects or programmes, the Company may directly take up the project, collaborate with NGOs, partnership with stakeholders, including other companies, registered trusts and societies, in order to leverage upon the collective expertise, wisdom and experience that such relationships may bring.
- The investment in CSR should be project based and for every project time framed periodic mile stones should be finalized at the outset.
- If in the opinion of the CSR Committee, the implementation of CSR projects requires specialized knowledge and skills, and if the Company does not have such expertise in-house, the wherewithal, and dedicated staff to carry out such activities, the CSR Committee may decide to avail the services of external specialized agencies for the implementation of such CSR projects.
- Such specialized agencies would include:
  - i. Community based organization whether formal or informal.
  - ii. Elected local bodies such as Panchayats
  - iii. Voluntary Agencies (NGOs)
  - iv. Institutes/Academic Organizations
  - v. Trusts, Mission etc.
  - vi. Self-help groups
  - vii. Government, Semi Government and autonomous Organizations.

- viii. Standing Conference of Public Enterprises (SCOPE)
- ix. Mahila Mandals/Samitis and the like Contracted agencies for civil works Professional Consultancy Organization etc.

## **15. Reporting**

As per Rule 8 of The Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 Dated 22.01.2021 the Regulations, the Company shall include an annual report on CSR containing particulars specified in Annexure I or Annexure II, as applicable.

## **16. Conclusion**

- CSR Policy is subject to revision/amendment in accordance with the guidelines as may be issued by the Government, from time to time.
- The Board may review the policy from time to time based on changing needs and aspirations of the target beneficiaries and make suitable modifications, as may be necessary.