

CORPORATE SOCIAL RESPONSIBILITY POLICY OF PATEL GROUP

Patel Engineering Limited (PEL) as a company strives to be a responsible organization that has minimal negative impact on the global or local environment, community, society, or economy - a business that strives to meet the triple bottom line. To carry forward this endeavor, the Company has framed a CSR (Corporate Social Responsibility) policy and frame work, which elaborates its intent, mechanism and monitoring methodology towards CSR.

CSR is a way of conducting business, by which corporate entities contribute to the social good of its stakeholders and beyond. The essence of CSR is to integrate economic, environmental and social objectives with the company's operations and growth. CSR is the process by which an organization thinks about and evolves its relationships with society for the common good and demonstrate its commitment by giving back to the society for the resources it used to flourish by adoption of appropriate business processes and strategies.

Objectives of the policy:

- To lay down the guidelines for the company to enhance its relationship with society by way of social and economic contribution and by giving back to the society for the resources it used to flourish by adoption of appropriate business processes and strategies.
- To fulfill the directive of the Companies Act, 2013 enjoining prescribed companies to develop and implement a CSR policy specifying the activities to be undertaken by the Company.
- To prepare list of activities, programmes and projects to be undertaken during the implementation year, specifying modalities of execution and implementation schedules for the same.

CSR Activities:

Patel Engineering Limited (PEL) gives utmost priority to CSR and the main focus of the Company has been into areas such as education, support for the woman, elderly people, children and social inclusion. We believe in the trusteeship concept. This entails transcending business interests and grappling with the "quality of life" challenges that underserved communities face, and working towards making a meaningful difference to them.

1. To direct CSR Programmes, inter alia, towards achieving one or more of the following - enhancing environmental and natural capital; supporting rural development; promoting education; providing preventive healthcare, providing sanitation and drinking water; creating

livelihoods for people, especially those from disadvantaged sections of society, in rural and urban India; preserving and promoting sports; setting up homes to poor and orphans.

2. To develop the required capability and self-reliance of beneficiaries at the grass roots, especially of women, in the belief that these are prerequisites for social and economic development;
3. To engage in affirmative action interventions such as skill building and vocational training, to enhance employability and generate livelihoods for persons from disadvantaged sections of society;
4. To pursue CSR Programmes primarily in areas that fall within the economic vicinity of the Company's operations to enable close supervision and ensure maximum development impact;

The list is an illustrative list and not exhaustive. The CSR Committee of the company may on the recommendation and feedback from the internal and external stakeholders of the Company undertake any CSR activity apart from the list but within the scope of the activities mentioned in Schedule VII of the Act.

Implementation

The Patel Group intends to implement the CSR Programmes through Company personnel or through external implementing agencies or through 'The Patel Engineering Company Charity Trust' (and other Trusts, Foundations and Section 8 companies that may be established by the Company from time to time). In such cases, the Company will specify the CSR Programmes which may be undertaken by those Trusts in accordance with their Objects and administrative and accounting processes laid down in the respective Trust Deeds/ Memorandum and Articles of Association.

Recommendations of the CSR activities in any locations and budget allocations thereof shall be sent to the Secretary of the CSR Committee, who shall place the same before the Committee in its meeting. The CSR committee shall, if consider fit, recommend such activity and amount to be spent on such activity to the Board for its approval.

Compliance, Monitoring and Reporting

Compliance with this policy will be continuously monitored by the CSR Committee at its meeting(s), subject to annual review by the Board of Directors. The Contents of this policy shall be disclosed in the Board report and placed on the **Company's website**. Compliance will be reported to stakeholders through the Company's Annual Report.

The Board shall ensure spending of allocated amount on CSR activities and report the status in its annual report, also specify the reasons of non-spending of the allocated amount, if any.

The members of the CSR committee shall be appointed or removed by the Board of Directors by way of Resolution. The Chairman of the Company shall be the Chairman of the Committee and in his absence any other member of the CSR Committee shall preside over the meeting(s) of the CSR Committee. Company Secretary shall be the Secretary of the CSR Committee. The minutes of CSR committee meetings shall be placed before the Board meeting.

Governance Structure

We have constituted a robust and transparent governance structure to oversee the implementation of our CSR Policy, in compliance with the requirements of Section 135 of the Companies Act, 2013.

Board-level CSR Committee

Our CSR governance structure will be headed by the Board Level CSR committee that will be ultimately responsible for the CSR projects undertaken. The committee will report to our Board of Directors.

A working committee may be formed to implement the proposal as and when approved by the CSR Committee.

Responsibilities of CSR Committee

- Formulate and update our CSR Policy, which will be approved by the Board of PEL
- Approve projects that are in line with the CSR policy
- Put monitoring mechanisms in place to track the progress of each project
- Approve the CSR expenditure
- Meet atleast once a year to review the progress made[#]

Amended vide Board meeting dated April 30, 2019

CSR Budget

Mandatory annual spending on CSR Activities in any particular financial year shall be “2% of the average of the annual net profit of the preceding three financial years.”

The total budget for the CSR projects, for a financial year will be decided by the CSR Committee.

Treatment of Surpluses

Any surplus generated from CSR projects undertaken by us will be tracked and channelized into our CSR corpus. These funds will be further used in development of the CSR projects and will not be added to the normal business profits.

Information dissemination

The Company's engagement in this domain is disseminated on its website and annual reports.

