

CORPORATE SOCIAL RESPONSIBILITY POLICY

1. CORPORATE SOCIAL RESPONSIBILITY PHILOSOPHY:

The Company strives to be a socially responsible company and strongly believes in development which is beneficial for the society at large. As a Corporate Citizen, we strongly believe that it is our responsibility to give back to the society by arranging blood through blood donation camps, providing foods, clothes, etc., at the time of natural disasters/calamities; keeping the environment clean and safe for the society by adhering to the best industrial practices, adopting best technologies and investing in greener initiatives, and so on. It is the Company's intent to make a positive contribution to the society in which the Company lives and operates. The policy shall apply to all the CSR initiatives undertaken by the group at various locations in keeping with the guidelines enlisted in the Schedule VII of the Companies Act, 2013 and any amendments thereof.

2. POLICY OBJECTIVE:

The CSR Policy encompasses the company's philosophy of giving back to the society as a responsible corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for the welfare & sustainable development of the community at large and also to set up process of execution, implementation and monitoring of the CSR activities to be undertaken by the Company. Further, the CSR Policy shall contain the approach and direction given by the Board, taking into account the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the Annual Action Plan.

3. DEFINITIONS:

1. "Act" shall mean the Companies Act, 2013, including any modifications, amendments or re-enactment thereof.
2. "Administrative overheads" means the expenses incurred by the Company for 'general management and administration' of Corporate Social Responsibility functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme;

3. "Agency" (or Agencies) means any Section 8 Company or a registered trust /society / NGO / institution, performing social services for the benefit of the society and excluding a registered trust/society/ NGO/institution/ Section 8 Company which is formed by the Company or its holding or subsidiary or associate company/companies.
4. "Approved Budget" shall mean the total budget as approved by the Board of the Company upon the recommendation of the CSR Committee, which is to be utilized for CSR Projects.
5. "Board" shall mean the Board of Directors of the Company.
6. "Company" shall mean Madhur industries Limited, and wherever the context requires, shall signify the Company acting through its Board.
7. "Corporate Social Responsibility" means the activities undertaken by the Company in pursuance of its statutory obligation in section 135 of the Act and in accordance with provisions of the rules made thereunder, other than those specifically excluded under the Act or the rules made thereunder.
8. "CSR Annual Plan" shall mean the annual plan detailing the CSR projects and expenditure towards the respective projects during any financial year.
9. "CSR Committee" shall mean the Corporate Social Responsibility Committee constituted by the Board of the Company in accordance with the Act, consisting of three or more directors, out of which at least one director shall be an independent director. The Company Secretary shall act as the Secretary to the Committee.
10. "CSR expenditure" means all CSR expenditure of the Company as approved by the Board upon recommendation of the CSR committee, including the following:
 - i. Contribution to CSR Projects which shall be implemented and/or executed by the Company;
 - ii. Contribution to CSR Projects (including for corpus as required) which shall be implemented and/or executed by its Trust or Society; and
 - iii. Contribution to CSR Projects (including for corpus as required) which shall be implemented and/or executed by an Agency.
 - iv. Any other contributions covered under Schedule VII.
11. "CSR Projects" or "Projects" means Corporate Social Responsibility projects / activities / programs / initiatives, instituted in India, either new or ongoing, and includes, but is not limited to those undertaken by the Board in pursuance of recommendations of the CSR Committee as per the declared CSR Policy of the Company.

12. "CSR Policy" means a statement containing the approach and direction given by the board of a company, taking into account the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan.

13. "Financial Year" shall mean the period beginning from 1st April of every year to 31st March of the succeeding year.

14. "Net profit" shall mean the net profit as per the Act and Rules based on which the specific percentage for CSR expenditure has to be calculated.

15. "Ongoing Project" means a multi-year project undertaken by the Company in fulfilment of CSR obligations 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 the multi-year project but whose duration has been extended beyond one year by the Board based on reasonable justification.

16. "Rules" shall mean the Companies (Corporate Social Responsibility) Rules 2014, including any re-enactment, modifications or amendments thereof.

17. "Society" means a Society formed and registered under the Societies Registration Act, 1860 by the Company and includes a society jointly formed and registered by the Company with any other Company (ies) or the Society which is having an established track record of at least 3 years in undertaking CSR activities, which is having registration under Section 12A and 80G and having Unique CSR registration number.

18. "Section 8 Company" means a company with charitable objects established under Section 8 of the Companies Act, 2013 and rules made thereunder which is having registration under Section 12A and 80G and having Unique CSR registration number.

19. "Trust" means a Trust created and registered under the India Trusts Act, 1882 by the Company and includes a Trust jointly created and registered by the Company with any other Company (ies) or the Trust which is having an established track record of at least 3 years in undertaking CSR activities which is having registration under Section 12A and 80G and having Unique CSR registration number.

4. ROLE OF THE CSR COMMITTEE:

The CSR Committee shall carry out of the following functions:

1) To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 (as amended from time to time).

2) To recommend the amount of expenditure to be incurred on the activities in a financial year.

- 3) To monitor the Corporate Social Responsibility Policy of the company from time to time. For this purpose, the CSR Committee shall meet at least twice a year.
- 4) To 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 (as amended from time to time)
 - (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 project undertaken by the Company
 - (f) Alteration in the plan, if required with reasonable justification to that effect,
- 5) The CSR Committee shall place before the Board the draft annual report as per the format in annexure to the Rules in Board meeting to be held in the month of April / May / June of the following year for Board review and finalization.
- 6) The CSR Committee shall ensure that the CSR Policy and finalized Annual Plan are displayed on the Company's website.
- 7) In discharge of CSR functions of the Company, the CSR Committee shall be directly responsible to the Board for any act that may be required to be done by the CSR Committee in furtherance of its statutory obligations, or as required by the Board.

5. ROLE OF THE BOARD OF DIRECTORS:

The Board of Directors shall carry out of the following functions:

- 1) Form a CSR Committee and disclose the composition of the CSR Committee as required under the provisions of the Companies Act, 2013 and Rules made thereunder (including modification, alteration or re-enactments).
- 2) Approve the CSR Policy after taking into consideration the recommendations of the CSR Committee and place the CSR Policy on the Company's website.
- 3) Ensure implementation of the activities under CSR, as per the CSR Policy. The Board shall stratify itself that the fund disbursed have been utilised for the purpose and in the manner approved by it and it shall seek a certificate from CFO or from person responsible for financial management, to that effect.
- 4) Ensure expenditure of requisite amount on CSR every year as per law in pursuance to CSR Policy. The Board shall give preference to local areas and areas around it, where it operates.

5) Disclose reasons for not spending the amount (if applicable) in the Annual Report to the Members of the Company 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.

6) Ensure that any amount remaining unspent, pursuant to any ongoing project, undertaken by a company in pursuance of its Corporate Social Responsibility Policy, is transferred by the company within a period of thirty days (or within such other days as may be permitted under the Companies Act, 2013 and rules made thereunder) 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 is 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, 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.

7) Approve Annual action Plan as formulated and recommended by the CSR Committee, as per the CSR Policy of the Company which shall include projects or programs to be undertaken, manner of execution, modalities of utilization of funds, monitoring the reporting mechanism and need & impact assessment, if any. The Board may alter the plan during the financial year, if recommended by the CSR Committee, based on reasonable justification.

8) In case of ongoing project, the Board 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 overall permissible time period.

6. LIST OF AREAS OF CSR ACTIVITIES / PROJECTS:

The Company shall undertake one or more of the following Activities/Projects or such other activities/projects as may be notified by the Ministry of Corporate Affairs from time to time as a part of the Corporate Social Responsibility ("CSR") framework, either directly or through a registered trust or a registered society or a Section 8 company established by the company either singly or with any other Company or any other registered trust or a registered society or a Section 8 company having established track record of at least three years in undertaking CSR activities and which are registered under Section 12A and 80G of Income Tax Act, 1961 and having a unique CSR registration number:



- 1) Eradicating hunger, poverty and malnutrition, promoting 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 employment enhancing vocational skills and special education, with focus on children, women, elderly and the differently abled ones and also to actively support livelihood enhancement projects;
- 3) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans, setting up old age homes, day care centres 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, 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, using green energy and taking other initiatives for environmental protection;
- 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 art and handicrafts
- 6) Measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows;
- 7) Training to promote rural sports, nationally recognised sports, Paralympic and Olympic sports;
- 8) Contribution to the Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the central government for socio-economic development and relief and welfare of the scheduled castes, the scheduled tribes, other backward classes, minorities and women;
- 9) 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

10) 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).

11) Rural development projects;

12) Slum area development;

13) Disaster management, including relief, rehabilitation and reconstruction activities.

14) Any other activities in relation of the above and all other activities which forms part of CSR as per Schedule VII of the Act, 2013 (the "Act") as amended from time to time. (Collectively hereinafter referred to as "CSR Activities")

7. THRUST AREAS:

While the Company is eligible to undertake any suitable/rightful activity as specified in Schedule VII of the Act, however, at present, it proposes to undertake the relevant activities on priority basis in the following Thrust Areas:

a. Promoting education, including employment enhancing vocational skills and special education, with focus on children, women, elderly and the differently abled ones and also to actively support livelihood enhancement projects

b. Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;

c. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources, maintaining quality of soil, air and water, using green energy and taking other initiatives for environmental protection;

d. Promoting gender equality, empowering women, day care centres and measures for reducing inequalities faced by socially and economically backward groups;

e. Rural development projects;

f. Training to promote rural sports, nationally recognized sports, Paralympic and Olympic sports; (*) (inserted on May 18, 2022)

g. Measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans and their dependents including widows. (*) inserted on November 9, 2022.

The Company may undertake any other need-based initiatives in future.

The above activities shall be inclusive and interpreted liberally so as to capture the essence of the subject and shall be broad based to cover wide range of activities. The Board of Directors of the Company, based on the recommendations of the CSR Committee, may take wider view on the subject, at its discretion.

8. IDENTIFICATION / SELECTION OF CSR ACTIVITIES/PROJECTS:

i. The Company shall ensure that in identifying its CSR Projects, preference shall be given to the local area and areas around which the Company (including its Offices / Plants) operates. However, this shall not bar the Company from pursuing its CSR objectives in other areas, as prescribed under Schedule VII of the Act and the amendments thereto.

ii. The CSR Projects shall include all the activities undertaken by the Company in pursuance of its statutory obligation laid down in Section 135 of the Act and in accordance with the provisions contained in CSR Rules, but shall not include the following:

- Activities undertaken in normal course of business,
- Activities undertaken outside India;
- Contribution to any political party under Section 182;
- Activities benefiting employees of the Company as defined in section 2(k) of Code of Wages, 2019;
- Activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services.
- Activities carried out for fulfilment of any other statutory obligation.

iii. The CSR Activities / Projects in areas shall be identified on the basis of a detailed assessment survey.

9. Quantum of Amount to be spent on CSR Activities and others matters:

A) QUANTUM OF AMOUNT:

1) The Company shall strive to spend in every financial year at least 2% (two per cent) of the average net profits of the Company made during the three immediately preceding financial years.

2) Any surplus arising and/or additional revenue generated out of CSR Activities undertaken by the Company shall not form part of the business profits of the Company and same shall be spent for undertaking any CSR Activities only, as provided in the CSR Rules.

3) The CSR Committee shall formulate and recommend a CSR Annual Plan for the above, which shall include:

- Identified CSR Projects
- CSR expenditure
- Implementation Schedules

4) Total expenditure in the CSR Annual Plan shall be approved by the Board upon recommendation by the CSR Committee.

5) In case the Company fails to spend the statutory minimum limit of 2% of Company's average net profits of the immediately preceding three years, in any given financial year, the unspent amount, relating to a project, other than ongoing project, shall be transferred to any fund included in Schedule VII of the Act (until a fund is specified in Schedule VII of the Act) within a period of six months from the expiry of the financial year and Board shall specify the reasons for the same in its report in terms of clause (o) of subsection (3) of section 134.

The unspent amount relating to ongoing project shall be transferred within a period of thirty days from the end of the financial year to a special account which will be opened by the Company in any scheduled bank to be called 'Unspent Corporate Social Responsibility Account' and such amount will be spent by the Company in pursuance of its obligation towards the CSR Policy within a period of three financial years from the date of such transfer, failing which the Company will transfer the same to a fund specified in Schedule VII within a period of thirty days from the date of completion of third financial year.

The disbursement of funds shall be submitted to the Board as a part of the review along with the details of how the funds have been utilized, which shall be certified by the Company's Chief Financial Officer. In case of an ongoing project, the implementation along with the approved timelines and year-wise allocation will be presented to the Company's Board.

B) Others:

- 1) The CSR Committee shall ensure that major portion of the CSR expenditure in the annual plan shall be for the Projects in the areas as identified in the policy. However, beyond any particular area taken up for budgetary allocation, CSR Projects can also be identified on need basis for implementation in a given year.
- 2) The Company's CSR Committee shall formulate and recommend to the Board, an annual action plan at the beginning of every financial year in pursuance of its CSR Policy, which shall include the following:
 - i. The list of CSR projects or programmes that are approved to be undertaken in the areas or subjects specified in Schedule VII of the Act;
 - ii. The manner of execution of such projects or programmes;
 - iii. The modalities of utilization of funds and implementation schedules for the projects or programmes;
 - iv. Monitoring and reporting mechanism for the projects or programmes;
 - v. Details of need and impact assessment, if any, for the projects undertaken by the company
- 3) The Company shall ensure that the administrative overheads shall not exceed 5% of total CSR expenditure of the company for the financial year. Expenses incurred by the company shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme.
- 4) Surplus arising out of CSR activities shall not form part of business profits and shall be ploughed back in the same project or shall be transferred to unspent CSR Account and spent in pursuance of CSR policy and annual action plan 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.
- 5) An amount spent in excess of the requirements, such excess amount may be set off against the requirements to spend upto immediate succeeding three financial years subject to conditions that:
 - The excess amount available for set off shall not include the surplus arising out of the CSR activities.
 - The Board of the Company shall pass a resolution to this effect.
- 6) If CSR amount is spent by the company for creation or acquisition of a capital asset, it shall be held by the following entity:

- a Section 8 Company or a Registered Public Trust or Registered Society, having charitable objects and valid CSR Registration Number or beneficiaries of said CSR project in form of self-help groups, collectives, entities or a public authority.

10. PROCEDURE FOR CSR ACTIVITIES:

- 1) The Committee shall recommend to the Board suitable CSR activities to be undertaken during the financial year along with the detailed plan, modalities of execution, implementation schedule, monitoring process and amount to be incurred on such activities;
- 2) The Board shall give its approval based on the recommendation of the Committee and in compliance of this Policy;
- 3) The Committee, after approval, shall submit the periodical report giving status of the CSR Activities undertaken, Expenditure Incurred and such other details as may be required by the Board.

11. IMPLEMENTATION OF CSR ACTIVITIES / PROJECTS:

- 1) The Company may itself implement the identified CSR Activities / Projects presently which is within the scope and ambit of the Areas as defined in the Policy;
- 2) The Company may also implement the identified CSR Activities / Projects through a Company established under Section 8 of the Act or a registered public trust or a registered society registered under Section 12A and 80G of the Income Tax Act, 1961, which is involved in CSR activities and which has registered itself with Central Government and has a unique CSR registration number, within the scope and ambit of the Areas as defined in the Policy;

Provided that the Company can carry out the CSR Activities / Projects through such other institutions, as may be found suitable by the CSR Committee, having an established track record of at least 3 (three) years in undertaking the CSR Activities which is involved in CSR activities and which has registered itself with Central Government and has a unique CSR registration number.

- 3) The Company may collaborate with other companies for undertaking the CSR Activities / Projects subject to fulfilment of separate reporting requirements as prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014 ("the Rules").

4) Collaborative Partnerships may be formed with the Government Agencies, the village Panchayats, NGOs and other like-minded stakeholders. This would help widen the Company's reach and leverage upon the collective expertise, wisdom and experience that these partnerships bring to the table.

5) On-going projects will be undertaken by the company in fulfilment of its CSR obligations having timelines not exceeding three years excluding the financial year in which it was commenced. It shall seek extension/approval from the Board for a multi-year project that has exceeded beyond one year, based on reasonable justification.

12. CRITERIA FOR IDENTIFYING EXECUTING PARTNERS:

In case of programme execution by NGOs/Voluntary organizations the following minimum criteria should be required to be ensured:

1. The NGO / Agency must have a permanent office / address in India.
2. The NGO should be a registered public Trust or a Society having a duly executed Trust Deed / Memorandum of Association.
3. It should have registration Certificates under Section 12A, Section 80G, etc. of the Income Tax Act, 1961, unique CSR Registration number, registration under Foreign Contribution Regulation Act (FCRA) (wherever mandatory) and other applicable registrations.
4. It should have a Permanent Account Number (PAN).
5. Last 3 years audited statement of accounts.
6. Last 3 years income tax return.
7. Last 3 years FC return (applicable to organizations with FCRA registration).
8. The antecedents of the NGO / Agency are verifiable / subject to confirmation.
9. Should have a team of professional expertise and system to maintain Books of Accounts and to generate necessary Reports on the supported programmes.
10. No tie-up with the Competition of Madhur Industries Limited.
11. The Company may engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per CSR Policy as well as for capacity building for our own personnel for CSR.

13. AGREEMENT BETWEEN Madhur industries limitd and EXECUTING AGENCY:

Once the programmes and the executing agency has been finalised, the Company may be required to enter into an agreement / MOU with each of the implementing agency as per the Standard Agreement format.

14. REVIEW PERIODICITY AND AMENDMENT:

- i. CSR Plan may be revised/modified/amended by the CSR Committee at such intervals as it may deem fit.
- ii. The CSR Committee shall review the Policy as and when required.

15. MONITORING AND EVALUATION MECHANISMS:

Monitoring and Evaluation Mechanisms include the following, one or more of which shall be implemented based on the size, quantum and tenure of the CSR programmes:

1. To ensure effective implementation of the CSR programmes, a monitoring mechanism will be put in place by the CSR Team. The progress of CSR programmes under implementation will be reported to the CSR Committee on a regular basis.
2. Feedback would also be obtained and documented from the beneficiaries and influential local leaders about the programmes, as and when required.
3. Field visits would be conducted by the CSR team to ensure proper progress of the programmes.
4. Partners would be required to report narrative as well as financial updates on a quarterly/annual basis in the format mutually decided.
5. Monitoring process shall also include the following:
 - i) Evaluation of Planned progress V/s Actual Progress.
 - ii) Actual expenditure V/s expenditure as per the approved budget.

16. CSR REPORTING:

The Board's Report of a company covered under these rules pertaining to any financial year shall include an annual report on CSR containing particulars as specified in the Annexure.

The impact assessment, if and when mandated under the applicable Act and Rules, will be undertaken by an independent agency and such impact assessment report shall be placed before the Board and annexed to the annual report of CSR.

Further, the Company undertaking impact assessment may book the expenditure towards Corporate Social Responsibility for that financial year, which shall be as per the provisions of the Companies (Corporate Social Responsibility Policy) Rules, 2014 as may be amended from time to time.

17. DISPLAY OF CSR ACTIVITIES ON THE WEBSITE:



The composition of CSR Committee, and CSR Policy and Projects approved by the Board will be displayed on the company's website, for public access.

18. TRANSFER OF UNSPENT CSR AMOUNT:

The unspent CSR amount, if any, shall be transferred by the Company to any fund included in schedule VII of the Act (until a fund is specified in Schedule VII of the Act, for transfer of unspent CSR amount).

Note: The words and expressions used but not defined in this Policy shall have the same meanings respectively assigned to them in the Companies Act, 2013 and the Rules made thereunder or in any amendment thereto.