

**CORPORATE SOCIAL
RESPONSIBILITY POLICY
("CSR")
OF
MYSORE AMMONIA AND
CHEMICALS LIMITED**

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1. APPROACH AND DIRECTION

A. Vision and Code of Conduct:

Corporate Social Responsibility (CSR) is based on the belief that business sustainability is closely connected to the sustainable development of the communities that the business is a part of and the environment in which the business operates.

Corporate Social Responsibility ("**CSR**") has always been central to how we do business, starting with operating with integrity in all we do and extending to all the ways we help our clients and communities navigate a complex global economy. We strive to develop innovative programs that leverage the core strengths, capabilities and expertise of our business and our people – and those of our partners - to maximize our impact.

The Corporate Social Responsibility Policy ("CSR Policy") sets out the framework guiding CSR activities and sets out the rules that need to be adhered to while taking up and implementing CSR activities.

The Board shall provide **approach and direction** towards the following:

- a. **Project Cost** – it shall include designing, implementation, monitoring and evaluation cost incurred directly or indirectly on the project
- b. **Administrative Overheads** – to ensure that such expenses shall not exceed 5% of the total CSR expenditure of the company for the financial year. Further, these would not include expenses incurred by the Company towards designing, implementation, monitoring and evaluation
- c. **Eligibility of Implementing agencies** – to ensure whether those implementing agencies have registered under section 12A and 80G of the Income Tax Act, 1961, have an established track record of at least three years in undertaking similar activities and have also filed form CSR-1 with the Registrar of Companies
- d. **CFO/Director Certification** – To satisfy themselves that funds so disbursed have been utilized properly for the purposes and manner as approved
- e. **Impact Assessment** – to ensure that impact assessment is carried out by Company, if applicable and the expenditure for such assessment shall not exceed 5% of the total CSR expenditure for the financial year or 50 lakh rupees, whichever is less.

B. Philosophy

Our main purpose is to “Make a Difference”. This purpose has defined our reason to exist; we have always believed that we exist to benefit the entire ecosystem of which we are an integral part. We firmly believe that we belong to an interdependent ecosystem comprising Shareholders, Consumers, Associates, Employees, Government, Environment and Society and that we have a commitment to all these stakeholders.

We believe that economic value and social value are interlinked. A firm creates economic value by creating social value – by playing a role in making a difference to the lives of its key stakeholders. Furthermore, a firm cannot do this in isolation; it needs the support and participation of other constituents of the ecosystem. Sustainability comes from win-win partnerships in the ecosystem.

Therefore, our CSR Policy is anchored on the core purpose of “Make a Difference” to the lives of all its stakeholders to help them achieve their full potential.

The Government has notified various initiatives that qualify to be CSR for the purpose of the mandatory spend applicable to companies. The CSR initiatives, for the purpose of such mandatory spend would exclude the benefits made by the Company exclusively or predominantly to its employees, shareholders, investors, creditors and business partners.

2. FOCUS AREAS AND CSR ACTIVITIES

In accordance with the requirements under Section 135 of the Companies Act, 2013 (“the Act”), Corporate Social Responsibility Rules, 2014 (“the Rules”) and any other applicable provisions of the Act, CSR Activities, amongst others will focus on:

- **HUNGER, POVERTY, MALNUTRITION AND HEALTH:**
Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set – up by the Central Government for the promotion of sanitation and making available safe drinking water.
- **EDUCATION:**
Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- **GENDER EQUALITY AND WOMEN EMPOWERMENT:**
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.
- **ENVIRONMENTAL SUSTAINABILITY:**
Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to Clean Ganga Fund set – up by the Central Government for rejuvenation of river Ganga.
- **PROTECTION OF NATIONAL HERITAGE:**

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 arts and handicrafts.

- **ARMED FORCES:**

Measures for benefit of armed forces veterans, war widows and their dependants, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows.

- **PROMOTION OF SPORTS:**

Training to promote rural sports, nationally recognized sports, paralympic sports and Olympics sports.

- **CONTRIBUTION TO GOVERNMENT FUNDS:**

Contribution to Prime Ministers 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 Scheduled Castes, Scheduled Tribes, other backward classes, minorities and women.

- **TECHNOLOGY INCUBATORS:**

Contribution to incubators funded by Central Government or State Government or any agency or Public Sector Undertaking of Central Government or State Government, and contributions to public funded Universities, Indian Institute of Technology (IITs), National Laboratories and Autonomous Bodies (established under the auspices of Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR), Council of Scientific and Industrial Research (CSIR), Department of Atomic Energy (DAE), Defence Research and Development Organisation (DRDO), Department of Science and Technology (DST), Ministry of Electronics and Information Technology) engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).

- **RURAL DEVELOPMENT PROJECTS:**

Strengthening rural areas by improving accessibility, housing, drinking water, sanitation, power and livelihoods, thereby creating sustainable villages.

- **SLUM AREA DEVELOPMENT**

Strengthening slum areas by improving accessibility, housing, drinking water, sanitation, power and livelihoods.

- **DISASTER MANAGEMENT**

Disaster management, including relief, rehabilitation and reconstruction activities.

- **CAPITAL ASSET**

Acquisition or creation of a capital asset provided that it is not owned by the company

- **OTHER SCHEDULE VII ACTIVITIES**

Various relief & other developmental funds prescribed from time to time by the Central Government pursuant to clause (x) under Schedule VII to the Act.

3. **GUIDING PRINCIPLES:**

Pursuant to the definition of Corporate Social Responsibility Policy as mentioned in the amended CSR Rules, guiding principles for selection, implementation and monitoring of CSR activities as well as for the formulation of Annual Action Plan shall form a part of CSR Policy.

The guiding principles shall be as follows:

A. **FOR SELECTION OF ACTIVITIES:**

- a. **Eligibility** - To check the eligibility of implementing agency through which the CSR activities are selected
- b. **Sustainability** - To check whether such implementing agency has a track record of 3 years in undertaking similar programs or projects
- c. **Goodwill** – Such implementing agency shall have a goodwill in performing its activities diligently.
- d. **Law of land** – the implementing agency shall have a good stand in terms of Law of Land
- e. **Assessment** – To evaluate the performance of implementing agency

B. **FOR IMPLEMENTATION & MONITORING:**

- a. **Accountability and Transparency** – to ensure that the implementing agency is accountable for all the expenses along with the acknowledgements. Further, there should be transparency in the actions to protect the interest of all the stakeholders.
- b. **Ethical Behaviour** – to ensure CSR Team as well as employees of the organization shall maintain an ethical behaviour while selecting and implementing CSR programs without any corruption
- c. **No conflict of interest** - There shall not be any conflict of interest in the objectives of employees involved in CSR activities and the implementing agencies. Both of them should work for benefits of the needy.
- d. **Respect for stakeholder's interest** - While identifying CSR programs, interest of all the stakeholders shall be taken into consideration.

C. **FOR ANNUAL ACTION PLAN:**

An Annual Action plan of the Company to identify the activities and the CSR expenditure to be spent during the year which shall include the details as mentioned in the rules.

Further, the guiding principles required to formulate the Annual Action Plan shall be as follows:

- a. The preference for CSR programs shall be given to local areas and areas around its operations
- b. CSR programs shall not include activities undertaken as follows:
 - i. activities undertaken in pursuance of normal course of business of the company;
 - ii. any activity undertaken by the company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;
 - iii. contribution of any amount directly or indirectly to any political party under section 182 of the Act;
 - iv. activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);
 - v. activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;
 - vi. activities carried out for fulfilment of any other statutory obligations under any law in force in India;
- c. All the guiding principles as required to be followed for implementing and monitoring the CSR Activities shall also be followed while formulating the Annual Action Plan.
- d. Action plan shall be Simple, Actionable, Measurable, Relevant and Time Bound

During any financial year, the Annual Action Plan of the Company may be modified to include any unbudgeted expenditure, either on account of new project(s) or due to increase in the outlay for approved project(s).

Subject to the provisions of the Act, the Company may also utilize its CSR spend towards creation or acquisition of a capital asset.

4. IMPLEMENTATION OF CSR ACTIVITIES

Subject to the provisions of the Act as applicable from time to time, the Company may carry out its CSR activities:

- (a) Either by itself; OR
- (b) through such Implementing Agencies permitted under the Act; OR

The Company may also collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the CSR committees of respective

companies are in a position to report separately on such projects or programs in accordance with the CSR rules.

Company may build CSR capacities of its own, i.e. of their own personnel, as well as those of their implementing agencies through institutions with a track record of at least three financial years, and any other criterions which the Board, may deem fit.

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

5. OPERATING FRAMEWORK

A robust and transparent governance structure has been set up to oversee the implementation of the CSR Policy, in compliance with the requirements of the Act and Rules as mentioned above. The CSR activities and projects shall be performed under the supervision of the CSR Committee and in accordance with its directions.

■ *Expenditure on CSR Projects*

The Board of Directors shall decide about, the total amount of expenditure to be incurred on CSR activities during the applicable financial year and shall seek its one-time approval for the activities under Schedule VII wherein CSR projects/programs will be identified and supported during the course of the financial year, to achieve the targets set out in the CSR Policy. The overall amount to be committed towards CSR will be approved by the Board of Directors as a part of its Annual Action Plan within the Budget and the allocation towards specific CSR initiatives/projects will be approved by the CSR Committee of the Board. All projects undertaken by the Company shall be approved /ratified by the Board of Directors.

The Board has to ensure that at least 2% of average net profit during the three immediately preceding financial year is spent on CSR initiatives undertaken.

All expenditure towards the programs to be diligently documented.

■ *Modalities of execution of CSR projects*

To the extent possible, funding will be given to NGOs or such other entities / organization who will deliver the program according to clear metrics defined in a pre-grant agreement. The Board of Directors will review and approve such projects / programs and approve disbursement of CSR funds to them within the targets set out in the CSR Policy.

Further (in the case of employee engagement & resourcing), employees may freely offer to take part in a task that enhances the service provision of a non-profit / community related organization.

■ *Implementation of CSR projects*

To the extent possible, funding for CSR projects will be for such period as may be determined by the Board, with potential for future funding contingent on programming and outputs assessed from the interim and final reports.

■ *Monitoring process for CSR projects*

Interim and final report shall be obtained in respect of all grants and stipulated in the grant agreement issued to every partner organisation. The Board of Directors shall report and discuss all important matters which impact the operations of the CSR projects or program or activities (either new or ongoing), including but not limited to the modalities of utilization of funds on such projects and programs and the monitoring and reporting mechanism etc., to the Board. Regular and transparent monitoring will be a key part of implementation to assess if the project progress is on expected lines in terms of timelines in connection to Budgetary expenditure and achievement of targets.

Monitoring will be done with the help of identified key qualitative and quantitative performance indicators, with a continuous feedback mechanism, and recourse for mid-course correction in implementation, if needed, to ensure efficacy.

6. **Governance**

A. **Board Level**

The responsibility of CSR is at the level of the Board of Directors of the Company. The Board will have an oversight on the adherence to this Policy. The Board of Directors shall be responsible for the overall governance of the Policy and the CSR Programs pursuant thereto. The Board of Directors would play a significant role in implementation of the CSR Programs ensuring that the same are in line with the policy and the purview of the applicable laws governing CSR. The Board of Directors of the Company, shall be responsible to:

- Formulate, approve revisions and recommend an Annual Action Plan to the Board for its approval;
- Identify projects of the Company as 'Ongoing Projects' and recommend the same to the Board;
- Recommend the annual CSR expenditure budget to the Board for approval;
- Recommend the specific CSR projects to the Board
- Ensure implementation of CSR activities of the Company within the applicable framework;
- Nominate a CSR Team and advise the team for effective implementation of the CSR Programs.
- Set monitoring mechanisms in place to track the progress of each project and track these projects at a half yearly interval

- Undertaking wherever appropriate benchmarking exercises with other corporates to reassure itself of the efficacy and effectiveness of Company's CSR spends.
- Approve the disclosures which are part of the Annual Report
- Carrying out any other function contained in the Listing Agreement/Listing Regulations, as amended from time to time;
- Performance of such other functions as may be necessary under any statutory or other regulatory requirements to be performed by the Committee and as delegated by the Board from time to time;

7. Monitoring & Impact Assessment

The monitoring mechanism to ensure effective implementation of the CSR Programs shall be two-fold, namely:

- i. For such projects having an outlay of Rs. 1 crore or more and a period of one year has elapsed since completion of such project, an Impact Assessment study shall be carried out by an independent agency. The report of such assessment shall be placed before the Board and shall also be annexed to the Annual Report on CSR. Additionally, the CSR team would also endeavour to obtain feedback from the beneficiaries about these Programs. Such feedback would be shared by the CSR Team as a part of the quarterly progress report.
- ii. The CSR initiatives / projects of the Company shall also be reported every year in the Annual Report of the Company.
- iii. The CFO / any Director of the Company shall certify to the Board on an annual basis that the funds disbursed by the Company towards CSR activities have been utilised towards the same effect.

8. DISCLOSURES

Regular reporting and disclosure of all CSR and Sustainability activities will be a mandatory component as per the Act. Established reporting mechanisms will be put in place.

A brief summary of CSR projects/programmes/activities will also be included in the Annual Report in the prescribed format as per the CSR rules of the Act.

9. EFFECTIVE DATE

The Effective Date of this CSR Policy shall be with effect from April 01, 2023.

10. LIMITATION AND AMENDMENT

The Board of Directors may in their discretion may make any changes/modifications and/or

amendments to this Policy from time to time.

Requirements with respect to quorum, notice of meeting, documentation, etc shall be in conformity with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government, unless expressly stated otherwise.

In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over and automatically be applicable to this Policy and the relevant provisions of the Policy would be amended/modified in due course to make it consistent with the law.

End of Policy

Annexure A

**Composition of the Board of Directors who shall be responsible for CSR
Activities of the Company**

<u>Name of the Director</u>	<u>Designation</u>	<u>Signature</u>
Nitin Chabria	Whole time Director	
Nandini Chabria	Director	