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## CORPORATE SOCIAL RESPONSIBILITY POLICY

*[Pursuant to Section 135 of the Companies Act, 2013]*

### 1. APPLICABILITY

The Companies Act, 2013 (the “Act”) read with Companies (Corporate Social Responsibility Policy) Rules, 2014 (the “Rules”) provides that every company having Net Worth of ₹500 Crores or more or Turnover of ₹1,000 Crores or more or a Net Profit of ₹5 Crores or more during the immediately preceding financial year shall constitute a Corporate Social Responsibility (“CSR”) Committee of the Board of Directors (the “Board”).

In order to comply with the provisions of the Act and Rules and managing and actively contributing towards the social and economic development of the communities in which Mangalam Cement Limited (‘MCL’/ the “Company”) operates, the CSR Committee of MCL had formulated “**MCL CSR Policy**” duly approved by the Board.



The CSR Committee of MCL is modifying its existing MCL CSR Policy as under to align with the recent modification(s) and amendment(s).

The MCL CSR Policy is applicable on the Company.

### 2. IMPORTANT DEFINITION(S)

“Corporate Social Responsibility (CSR)” As per Rule 2(d) of the CSR Rules as amended “Corporate Social Responsibility” means the activities undertaken by a Company in pursuance of its statutory obligation laid down in section 135 of the Companies Act, 2013 in accordance with the provisions contained in CSR rules but shall not include the followings, namely:-

- (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 of national level or India at international level;
- (iii) contribution to any amount directly or indirectly to any political party under section 182 of the Act;
- (iv) activities benefiting employees of the Company and their families as defined in clause (k) of section 2 of the Code of wages, 2019;

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- (v) activities supported by the companies on sponsorship basis deriving marketing benefits for its products or services;
- (vi) activities carried out for fulfillment of any other statutory obligations under any law in force in India.

“CSR Committee” means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act.


“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;
- (iii) 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.

“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.

“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.

“International Organisation” means an organisation notified by the Central Government as an international organisation under section 3 of the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947), to which the provisions of the Schedule to the said Act apply;

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## 2. CSR VISION STATEMENT

In alignment with vision of MCL, through its CSR initiatives, will continue to enhance value creation in the Society and in the community in which it operates, through its services, conduct and initiatives, so as to promote sustainable growth for the Society and Community, in fulfillment of its role as a Socially Responsible Corporate, with environmental concern.

## 3. OBJECTIVE OF THE MCL CSR POLICY

- 3.1 This policy, which encompasses the Company's philosophy for delineating its responsibility towards the Society as a whole and which lays down the guidelines and mechanism for undertaking socially useful programmes for welfare and sustainable development of the community at large, is titled as the "MCL CSR Policy".
- 3.2 This MCL CSR Policy shall apply to all CSR initiatives and activities taken up at the various work-centers and locations of MCL, for the benefit of the different segments of the Society, specifically the deprived, under-privileged and differently abled persons.
- 3.3 The aim of MCL CSR Policy is to ensure an increased commitment at all levels in the organization, to operate its business in an economically, socially, and environmentally sustainable manner, which recognizing the interests of all its participants.
- 3.4 The purpose of MCL CSR Policy is to generate, through its CSR initiatives, community goodwill for MCL and help reinforce a positive and socially responsible image of MCL as a corporate entity.


## 4. SCOPE

The Scope of MCL CSR Policy primarily is to target local area and areas around it where it operates, for spending the amount earmarked for corporates, social responsibility activities, over a period of time, in enhancing the quality of life and economic well-being of the local populace.

## 5. FUNCTIONS OF CSR COMMITTEE

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;

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- (b) the manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4;
- (c) the modalities of utilization 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:


Recommend to the Board any alteration in the Annual Action Plan at any time during the Financial Year, based on the reasonable Justification to that effect.

## 6. CSR ACTIVITIES AREA

The activities to be undertaken by MCL will be the activities as specified under Schedule VII of the Act, as mentioned in **Annexure - A**.

### 7.1 CSR EXPENDITURE

- 7.1.1 MCL shall spend at least 2% of its average net profit made during the 3 immediately preceding financial years on the CSR activities as mentioned above.
- 7.1.2 The CSR expenditure by MCL shall include all expenditure including contribution to corpus for projects and programs relating to CSR activities approved by the Board on the recommendations of this CSR Committee but does not include any expenditure on an item not in conformity or in line with activities which fall within the purview of Schedule VII of the Act.
- 7.1.2 Board to ensure that the administrative overhead expenses not to exceed 5% of the total CSR expenditure of the Company in any Financial year.
- 7.1.3 Any surplus arising out of the CSR activities shall not form part of the business profit of a Company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the company 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.
- 7.1.4 if the Company spends an amount in excess of the requirements provided under section 135 (5) of the Act, such company may set off such excess amount spent against the

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requirement to spend under sub-section (5) of section 135 up to immediate succeeding three financial years subject to the conditions that

- (i) the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any, in pursuance of sub-rule (2) of this rule;
- (ii) the Board of the Company shall pass a resolution to that effect.

## 8. CREATION OR ACQUISITION OF CAPITAL ASSETS:

The CSR amount can be spent for creation or acquisition capital assets which shall be held by:

- a) a company established under section 8 of the Act or Registered Public Trust or Registered Society, having Charitable objects and CSR Registration Number under the Rules; or
- b) beneficiaries of the said CSR project, in form of self-help groups, collectives, entities; or
- c) Public authority.

## 9. RESPONSIBILITY OF THE BOARD OF DIRECTORS

The role of the Board with respect to CSR is as under:

- Review and approve the recommendations of CSR Committee in respect of annual budget for CSR;
- To approve the CSR projects or programmes that are recommended to be undertaken in areas or subjects specified in the Act; along with the manner of execution of such projects or programmes as specified in the Act;
- To ensure that the funds are utilized for approved purpose and shall be certified by the Chief Financial Officer (CFO) or Person in charge of finance;
- In case of ongoing projects, shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall make modifications, if any, for smooth implementation of the projects within the overall permissible time period.;
- To review and approve the Annual Action Plan in pursuance of the CSR Policy of the Company and make any Alteration to such Plan at any time during the financial year, as may be recommended by the CSR Committee;
- Ensure that the Company spends in every financial year, at least two per cent of the average net profits made during the three immediately preceding financial years of the Company on CSR activities; and
- In case of excess CSR Spend in any year, to approve and pass a resolution to the effect that the excess amount may be set off against the requirement to spend in the three immediate succeeding financial years.

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## 10. CSR IMPLEMENTATION

The Board shall ensure that the CSR activities are undertaken by the company itself or through:

- a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other Company, or
- (a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or
- any entity established under an Act of Parliament or a State legislature; or
- 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, and having an established track record of at least three years in undertaking similar activities.
- The CSR Committee will decide on the budget allocation for CSR Projects and Programmes and the instalments for disbursement of amount as part of the Annual CSR Plan and recommend the same to the Board for its approval.
- A company may engage international organizations for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy as well as for capacity building of their own personnel for CSR.

## 11. CSR REPORTING

- The Board's Report of a Company shall include an annual report on CSR containing particulars specified in Annexure I or Annexure II, as applicable as per Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended.
- Every company having average CSR obligation of ten crore rupees or more in pursuance of subsection (5) of section 135 of the Act, in the three immediately preceding financial years, shall undertake impact assessment, through an independent agency, of their CSR projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study.
- The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.
- A Company undertaking impact assessment may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed five percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is less.

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## 12. DISPLAY OF CSR ACTIVITIES

MCL shall display the MCL CSR Policy, and the projects undertaken, and amount spent under CSR activities in the Directors' Report and on the Company's website.

## 13. TRANSFER OF UNSPENT AMOUNT OF CSR

Unspent amount of CSR, if any, are to be transferred in terms of section 135(5) & (6) of the Act, to any fund included in schedule VII of the Act.

In case MCL fails to spend such amount, Board of Directors of the Company shall specify the reasons for not spending the amount in the Board's Report and is also required to be transferred to a fund as specified in schedule VII, within a period of six months of the expiry of the financial year, unless the unspent amount relates to any on-going project referred to in sub-section 135(6).

In terms of Section 135(6) any amount remaining unspent under sub-section (5), pursuant to any ongoing project, fulfilling such conditions as may be prescribed, undertaken by a Company in pursuance of its Corporate Social Responsibility Policy, shall be transferred by the Company within a period of thirty days 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 shall be 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, 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.

Any contravention to the transfer the unspent CSR amount under 135(5) or (6) of the Act, the Company and its Officers would be subject to fine and imprisonment as specified in the Section 135 (7).

## 14. CONCLUSION

The above guidelines would form the framework around which the CSR activities would be undertaken by MCL. The CSR Committee will review the MCL CSR Policy from time to time based on changing needs and aspirations of the target beneficiaries and make suitable modifications, as may be necessary.

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## ANNEXURE - A

The activities to be undertaken by MCL as specified under Schedule VII of the Act and related notification/ circulars/ clarifications issued by the Ministry of Corporate Affairs thereof, from time to time, which *inter-alia* includes:

- (i) 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.
- (ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- (iii) 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.
- (iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and 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.
- (v) 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;
- (vi) 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;
- (vii) training to promote rural sports, nationally recognised sports, paralympic sports and olympic sports
- (viii) 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 govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;
- (ix) (a) 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



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(b) 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).

- (x) rural development projects
- (xi) slum area development.

Explanation.- For the purposes of this item, the term `slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.

- (xii) disaster management, including relief, rehabilitation and reconstruction activities.