

CSR POLICY

(Updated by 339th Board held on 12.08.2025)

**MADRAS FERTILIZERS LIMITED
MANALI,
CHENNAI - 600068.**

GROUP: PERSONNEL & ADMINISTRATION	POLICY-__
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	Issue Date
TITLE : CSR POLICY	Effective Date : August 16, 2016
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<p>1. Vision</p> <p>MFL shall strive to promote educated, healthy, economically developed and environmentally protected community in the surrounding areas of its operation.</p> <p>2. Objective</p> <p>2.1 To positively impact economic and social well-being of the communities where it operates.</p> <p>2.2 To take initiatives focused on environmental sustainability.</p> <p>2.3 To foster a culture of CSR amongst employees, business associates, and stakeholders.</p> <p>2.4 To provide leadership and set industry benchmarks in CSR initiatives.</p> <p>2.5 To earn society's goodwill and build a reputation as a responsible corporate citizen.</p> <p>3. Thrust areas</p> <p>The following shall be the thrust areas under CSR:</p> <p>3.1 Education</p> <p>3.2 Health and Nutrition</p> <p>3.3 Skill Development and Training</p> <p>3.4 Empowerment of Women, Differently-abled and Socially & Economically Backward Community.</p> <p>3.5 Environment Sustainable Development.</p> <p>3.6 Drinking Water & Sanitation.</p>	

The CSR Policy will be operative within the overall ambit of CSR Provisions contained in the Companies Act, 2013, Companies (CSR Policy) Rules 2014, Schedule VII to the Companies Act, 2013 (Annexure-I) and any other statutory provisions prescribed by the Government of India and amendments thereof from time to time. The CSR expenditure for each financial year will be aligned with the common theme for CSR activities identified as national priorities, if any, as notified by the Department of Public Enterprises, Government of India.

4. **CSR Committee of the Board**

MFL shall constitute a CSR Committee of the Board consisting of minimum three directors, out of which at least one director shall be an independent director.

5. **Funding**

5.1 MFL shall spend, in every financial year, at least two percent of the average net profits made during the three immediately preceding financial years as Annual CSR Allocation which will be non-lapsable. The average Net profit will be calculated in accordance with the provisions of Section 198 of the Companies Act, 2013. Up to 5% of the CSR Budget may be earmarked for non-project related activities. The surplus arising out of CSR projects or programs or activities shall not form part of the Company's business profits.

5.2 While earmarking funds for CSR activities, MFL will take into account the directives of DPE that the loss making Companies are not mandated to spend any amount for CSR and they can integrate their business processes with social processes without involving cash outgo.

5.3 Notwithstanding the above clauses, CMD is authorized to approve CSR expenditure not exceeding Rs. 10,00,000/- in a financial year.

6. **CSR Activities**

CSR activities will include projects or programs or initiatives relating to those specified in Schedule VII to the Companies Act 2013. The Components of CSR activities would include modalities of execution. Implementation schedule, modalities of utilization of funds, and monitoring mechanism.

The following shall not be included in the CSR activities:

1. Activities undertaken in pursuance of normal course of business.
2. Any activity undertaken outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;

3. Contribution of any amount directly or indirectly to any political party.
4. The CSR projects or programs or activities that benefit only the employees and their families.
5. Activities supported by the Company on sponsorship basis for deriving marketing benefits for its products or service;
6. Activities carried out for fulfilment of any other statutory obligations under any law in force in India.

7. Reporting Mechanism

CSR Policy and its contents shall be displayed on the company's website, as per the format specified in Companies (CSR Policy) Rules 2014. The Directors' Report shall include an annual report on CSR in the same format.

8. The Board of Directors may modify, add, or amend any of provisions of this Policy and make appropriate changes or amendments to the Policy, as may be required from time to time.

Attachment Chapters

Chapter 1 - Board Committee, Applicability and Target Segment

Chapter 2 - Approach to Project Implementation

Chapter 3 - CSR Allocation and Budget

Chapter 4 - Roles and Responsibilities

Annexure

Chapter 1

Board Committee, Applicability and Target Segment

MFL shall constitute a CSR Committee of the Board consisting of minimum three directors, out of which at least one director shall be an independent director. CSR activities will include projects or programs or initiatives relating to those specified in Schedule VII to the Companies Act 2013 excluding activities undertaken in pursuance of normal course of business. (Given in Annexure - I)

The following broad parameters / factors, to the extent feasible, will be considered for undertaking CSR activities.

- 1.1 Priority will be given to areas located near MFL Plant and CSR activities will be undertaken as per Schedule VII of Companies Act 2013/ Company (CSR Policy) Rules 2014 (CSR Rules), preferably for the benefit of different segments of the society, specially the weaker sections, poor, deprived & underprivileged, scheduled caste and scheduled tribe communities, OBC, minorities, women, children, elderly, persons with disabilities (PWDs) etc. The entries in Schedule VII shall be interpreted liberally so as to capture the essence of the subjects enumerated in the said Schedule.
- 1.2 CSR activities undertaken in India only shall qualify as CSR expenditure.

Chapter 2

Approach to Project Implementation

- 2.1 CSR activities shall be undertaken in a project / program mode. One-off events such as marathons/awards / advertisement / sponsorship of TV programs, etc, shall not qualify as CSR expenditure.
- 2.2 Need Assessment and Impact Assessment studies may be carried out for all projects with expenditure above Rs. 15 lakhs.
- 2.2.1 Need Assessment: may be carried out by in-house committees or external agencies in the target areas prior to the commencement of the project.
- 2.2.2 Impact Assessment: may be carried out preferably by an external agency, after completion of minimum one year from the date of commissioning of the project (s).
- 2.2.3 Documentation: The following documentation may be carried out, cost of which will be construed as CSR expenditure.
- 2.2.3.1 Detailed Need Assessment Report
- 2.2.3.2 Detailed Impact Assessment Report
- 2.2.3.3 Photographs, Audio Visuals etc.
- 2.3 CSR activities will have the following components:
- 2.3.1 Modalities of execution: Whether project is executed through in-house expertise, MFL's contractors, external agency, etc. should be specified.
- 2.3.1.1 Project execution through in-house expertise / MFL contractors:
- In situations, where the activity is aligned with / related to MFL business operations and / or where, MFL has the expertise to undertake/implement the project, CSR activities may be implemented by MFL/MFL Contractors/Vendors.
- 2.3.1.2 Project execution through external agency:
- CSR activities may be implemented through a registered trust or a registered society or a Non-Governmental Organisation (NGO) or a statutory entity established by an act of Parliament or a state legislature or a company established by MFL or its holding or subsidiary or associate company under section 8 of the Companies Act or otherwise, provided that,

If such external agency is not one established by MFL or its holding or subsidiary or associate company, it shall have an established track record of three years in undertaking similar programs or projects:

If the external agency is a NGO, it must possess a valid Darpan ID, which is to be obtained after registration with NITI Ayog's NPO Darpan Portal.

If MFL has specified the project or programs to be undertaken through these entities, the modalities of utilization of fund on such projects and programs and the monitoring and reporting mechanism shall be specified.

Registered Trust shall include Trusts registered under Income Tax Act 1956, for those in States where registration of Trust is not mandatory.

2.3.2. Implementation schedule:

Timelines of implementation shall be specified.

2.3.3 Modalities of utilization of funds:

Project-wise fund allocation and modalities of utilization of funds, e.g. milestone-based payments, etc. shall be specified.

2.3.4 Monitoring mechanism: CSR project monitoring shall be done by in-house multi-disciplinary committee (which should include a representative from Finance department) (Details of Committee and Roles and Responsibilities given in Chapter 4) and progress report / proper records of monitoring shall be maintained.

2.3.5 Reporting mechanism:

CSR Policy and its contents shall be displayed on the MFL's website, as per format specified in the CSR Rules. The list of CSR activities undertaken along with expenditure will be put up to the CSR Committee and Board. The Directors' Report shall include an annual report on CSR as per format specified in the CSR Rules. The Composition of the CSR Committee, CSR Policy and Projects approved by the Board shall also be displayed on the website.

2.3.6 For each CSR Project / activity, the expenditure for various sub-segments of beneficiary groups shall be found out by apportioning the total expenditure in the ratio of population of various targeted sub-segments.

2.4 Stakeholder Engagement: Wherever feasible, efforts shall be made for dialogue and consultation with key stakeholders.

2.5 Advertisements: Expenditure towards advertisements, floating tenders, expression of interest and other project related overheads in connection with CSR activities shall be accounted for as CSR expenditure.

Chapter 3**CSR Allocation and Budget**

- 3.1 MFL will spend, in every financial year, at least two percent of the average net profits made during the three immediately preceding financial years as Annual CSR Allocation' which will be non-lapsable. The average Net profit will be calculated in accordance with the provisions of Section 198 of the Companies Act, 2013.
- 3.2 "Net profit', as mentioned above, shall not include the following namely:
- 3.2.1 Any profit arising from any overseas branch(es) of the company, whether operated as a separate company or otherwise; and
- 3.2.2 Any dividend received from other companies in India, which are covered under and comply with the provisions of Section 135 of the Companies Act.
- 3.3 The annual CSR Budget will include the amount as mentioned above at clause 3.1 plus the unspent amount carried forward from the previous year.
- 3.4 CSR expenditure shall include contribution to corpus for projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee, as per Schedule VII of the Companies Act/CSR Rules.
- 3.5 Contribution to Corpus of a Trust / Society / Section 8 companies etc. will qualify as CSR expenditure as long as (a) the Trust / Society / Section 8 companies etc. is created exclusively for undertaking CSR activities or (b) where the corpus is created exclusively for a purpose directly related to a subject covered in Schedule VII of the Act.
- 3.6 Salaries to regular CSR staff as well as to volunteers (in proportion to company's time / hours spent specifically on CSR) may also be factored into CSR project cost as part of CSR expenditure.
- 3.7 Programs / Projects / Activities that benefit only the employees of MFL and their families shall not be considered as CSR activities. The total expenditure for other projects, that would benefit employees as well as non-employees, would be apportioned in the ratio of number of non-employees beneficiaries to total number of beneficiaries for ascertaining the CSR expenditure.

Chapter 3**CSR Allocation and Budget**

- 3.8 If any amount in excess of requirement of 2% CSR expenditure is incurred in a financial year, the excess amount may be set off against the CSR obligation up to immediate succeeding three financial years.
- 3.9 Any amount remaining unspent pursuant to any on-going project undertaken shall be transferred within a period of thirty days from the end of the financial year to a special account to be opened in that behalf to be called the Unspent Corporate Social Responsibility Account, and such amount shall be spent towards the CSR within a period of three financial years from the date of such transfer, failing which, shall transfer the same to a Fund specified in Schedule VII of the CSR Rules, within a period of thirty days from the date of completion of the third financial year.

Chapter 4**Roles and Responsibilities**

The roles and responsibilities of key organization entities, committee and officials are given below:

4.1 Board of Directors

Board of Directors is the highest governance body that provides direction and reviews progress of overall CSR plan and implementation program. Board will be approached as and when required or as suggested by CSR committee. The role of Board on matters relating to CSR interalia is as under.

- 4.1.1 After taking into account the recommendations made by the CSR Committee, approve the CSR Policy and disclose contents of such Policy in its report and also place it on the website in such manner as may be prescribed by Government of India from time to time.
- 4.1.2 Ensure that the activities as included in CSR Policy are undertaken.
- 4.1.3 Disclose the composition of the CSR committee in its report.
- 4.1.4 Disclosure in Annual Report of CSR activities.

4.2 CSR Committee

The role of CSR Committee is as under:

- 4.2.1 To formulate and recommend to the Board with the approval of CMD, a CSR Policy which shall indicate the activities to be undertaken as specified in Schedule VII of Companies Act 2013.
- 4.2.2 To recommend the amount of expenditure to be incurred on the activities referred above.
- 4.2.3 To monitor the CSR Policy from time to time.
- 4.2.4 To institute a transparent monitoring mechanism for implementation of CSR projects or programs or activities undertaken by the Company.
- 4.2.5 To review MFL's existing CSR Policy from time to time as per guidelines issued by Government.
- 4.2.6 To guide and suggest improvement in CSR activities /systems

4.3 CSR Project Identification Committee

Head of P&A Group will be the Convener & Nodal Officer of the Committee and other members are drawn from Finance Dept. at DGM level.

4.3.1 Identification of CSR projects based on the need assessment and also in accordance with the activities specified in Schedule VII, Section 135 of Companies Act, 2013.

4.3.2 Obtaining the approval of competent authority.

4.3.3 Recommend the annual budget to CSR Committee of the Board.

4.3.4 Keep track of the Central and State Government's Schemes.

4.3.5 Keep track of CSR related developments in the Ministry & Industry.

4.3.6 Approval of external agencies for execution of CSR projects.

4.3.7 Approval of agencies for carrying out impact assessment of CSR projects implementation.

4.4 CSR Project Implementation & Monitoring Committee

Head of P&A Group is the Convener of the Committee along with CSR and Finance Department representatives.

4.4.1 Scrutiny and Recommending proposals for implementation of each project activity for consideration and approval by competent authority as per Delegation of Authorities.

4.4.2 Monitoring implementation of CSR projects.

4.4.3 Recommending proposals for impact assessment.

4.4.4 Review of impact findings and report to the CSR Project Identification Committee.

5. CSR Officials

The responsibilities of CSR officials will be as follows:

5.1 Plan CSR activities for the year.

5.2 Identification of CSR activities.

- 5.3 Conduct need assessment / baseline study at the identified areas.
- 5.4 Implement and monitor CSR projects.
- 5.5 Conduct Impact Assessment studies
- 5.6 Documentation of CSR activities.
- 5.7 Develop processes to involve stakeholders.
- 5.8 Act as a CSR Communication focal point for the Department / Unit for information and create awareness drive.
- 5.9 Reporting and publishing outcomes through CSR Reports.
- 5.10 MIS for Top Management.
- 5.11 Any other responsibility related to CSR.

Schedule VII
(See section 135)

Activities which may be included by companies in their Corporate Social Responsibility, Policies Activities relating to: -

- (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 recognized 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 Scheduled Castes, the Scheduled 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

(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.
