

MUTUAL INDUSTRIES LIMITED.
CORPORATE SOCIAL RESPONSIBILITY POLICY (“CSR Policy”)

1. Applicability

The CSR Policy is applicable to the Company. The CSR Policy has been developed in consonance with Section 135 of the Companies Act, 2013 and in accordance with the Company (Corporate Social Responsibility Policy) Rules, 2014 (“CSR Rules”) made thereunder.

The CSR Policy shall apply to all corporate social responsibility (“CSR”) activities undertaken by the Company in India as per Schedule VII to the Companies Act, 2013 (“CSR Activities”).

2. Purpose

This CSR Policy encompasses the philosophy for social responsibilities and lays down the guidelines and mechanism for undertaking projects, programs and activities beyond business which include initiatives and endeavors for the benefit and development of the community and society. The CSR Policy lays down guidelines for undertaking programs geared towards social welfare activities or initiatives. Through this CSR Policy, we propose to adopt the CSR Activities mentioned below:

- a) In alignment with the above vision, the Company through the CSR Activities, will endeavor to enhance value creation in the society and in the community, through its services, conduct and initiatives, so as to promote sustained growth for the society and community, in fulfilment of its role as a socially responsible corporate.
- b) The objective of this CSR Policy is to:
 - i. Outline projects, programs and activities to be undertaken by the Company;
 - ii. Specify the modalities of execution of such projects, programs and activities;
 - iii. Monitor the process to be followed for such projects, programs and activities;
 - iv. Directly or indirectly take up programs that benefit the communities in and around its work centers and results, over a period of time, in enhancing the quality of life and economic well-being of the local populace; and Generate community goodwill for the Company and help reinforce a positive and socially responsible image, through our CSR Activities.

3. Responsibility of Board of Directors

- a) The Board of Directors of the Company ("Board") will be responsible for the constitution of the CSR Committee. The members of the CSR Committee are as follows:
- Two Independent directors
 - One Wholetime director

The quorum for a meeting of the CSR Committee would be two members. The meetings shall be held at the registered office of the Company or at such place as may be agreed to by the members of the CSR Committee.

Pursuant to Section 135 (9) of the Companies Act, 2013 and rule 3 (2) of the CSR Policy Rules amendments notified by the Companies Amendment Act, 2020 where the CSR expenditure required to be spent is less than INR 50 Lakhs, the Company is not required to constitute a CSR Committee, and the duties and functions of CSR committee shall be discharged by the Board of the Company.

- b) Changes to the membership of the CSR Committee, and any modification or variation to the powers and the functions of the CSR Committee will require the approval of the Board.
- c) The Board shall be responsible for sanctioning the CSR expenditure of the Company ("CSR Expenditure") and to ensure that the amount of CSR Expenditure is available for implementing the CSR Policy as approved.
- d) Approving the CSR Annual action plan and budget as proposed by the CSR Committee/Board.
- e) If the Company fails to spend the amount, reasons for not spending to be specified in the annual report of the Company.
- f) The Board monitors and reviews the performance and impact of the CSR programmes, provides input and course corrections if required and satisfies itself that the CSR funds so disbursed are aligned to the CSR Policy of the Company and have been utilized for the purposes and in the manner as approved by it.
- g) Mr. Apurva Gandhi, Whole time director and CFO of the Company shall certify to the fact that CSR funds so disbursed have been utilised for the purposes and in the manner approved by the Board.

4. Responsibility of the CSR Committee / Board of Directors

- a) The CSR Committee, if any and/or Board shall be responsible for formulating, recommending, modifying and monitoring the CSR Policy from time to time. The CSR Committee and/or Board shall approve and recommend an annual action plan, the projects or

programmes to be undertaken, the modalities of execution and implementation schedule from time to time.

- b) Apart from recommending and approving budgets for project implementation, the CSR Committee and/or board will also institute a monitoring mechanism to track the progress of each project. The CSR Committee, if any shall report it to the Board.
- c) The CSR Committee, if any should be governed by the Companies Act, 2013 and the CSR Regulations, the CSR Rules, regulations etc., by whatever name called.
- d) The CSR Committee and/or board shall recommend the amount of CSR Expenditure in a year to be spent in accordance with the Companies Act, 2013 and the CSR Rules

5. CSR Cell

The CSR cell of the MIL group ("CSR Cell") will assist the CSR Committee and/or board with the implementation and impact assessment of the CSR initiatives.

The members of CSR Cell are as follows:

- CEO
- COO
- CFO / Dpty CFO
- GM Mfg & Operations
- Head of HR and admin
- VP Sales & Marketing
- Other members as and when Management thinks appropriate

Few positions mentioned above may be currently vacant.

The CSR Cell shall be responsible for:

- a) Identifying CSR Activities at the directions of the Board and the CSR Committee, if any;
- b) Undertaking impact assessment of the CSR Activities;
- c) Determining the modalities of execution including targets and timelines in consultation with the CSR Committee, if any;
- d) Timely implementation of the CSR Activities approved by the Board in compliance with the applicable provisions of the Companies Act, 2013 and CSR Rules;
- e) Providing periodic reports to the CSR Committee and/or board on implementation as well as assessment carried out through field visits and feedback sessions; and
- f) Any other assistance as may be required by the Board and the CSR Committee, if any in relation to implementation of the CSR Activities.

6. General Responsibilities

- a) Any surplus arising out of the CSR projects/ programs or activities shall not form part of the business profits of the Company.
- b) All administrative expenses, including expenditure on wages and salaries, tours and travels, and training and development of personnel deputed on CSR Activities would be borne from CSR funds. However, the expenditure in a financial year for building CSR

capacities of the personnel as well as the implementing agencies shall not exceed 5% (five per cent.) of total CSR Expenditure in such financial year.

- c) If it is observed that any CSR Activity taken up for implementation is found not properly implemented, the CSR Committee if any and/or approval of the Board, may discontinue funding the project at any time during the course of implementation and use such funds for any other project.
- d) The CSR Committee and/ or board shall have the power to clarify any doubts or rectify any anomalies that may exist in connection with the effective execution of this CSR Policy.
- e) The Board of MIL to ensure that 2% of average net profits during the three immediately preceding financial years is spent on CSR initiatives undertaken by MIL. If MIL spends any amount over and above such 2% of average net profits, the same is to be considered as excess CSR expenditure which can be set-off in the immediate succeeding three financial years subject to the conditions as prescribed under the Act.
- f) To ensure whether implementing agencies i.e. Section 8 companies, registered public trust, registered society 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

7. Projects, Programmes and Activities

- a) The Company has identified and selected the following focus areas of intervention:
 - i. Contribution to the Prime Minister's National Relief 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;
 - ii. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government; and
 - iii. Measures for the benefit of armed forces veterans, war widows and their dependents.
 - iv. Supplementing and improving the quality of education in government/ government aided/ under-served schools;
 - v. Building infrastructure for government/ government aided/ underserved schools;
 - vi. Healthcare including preventive healthcare facilities;
 - vii. Sustainable infrastructure for the society;
 - viii. Slum area development and rural development projects;
 - ix. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior

- citizens and measures for reducing inequalities faced by socially and economically backward groups;
- x. Eradicating hunger, poverty and malnutrition, promoting healthcare including preventive healthcare 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;
 - xi. 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 the Clean Ganga Fund set-up by the Central Government for rejuvenation of the river Ganga;
 - xii. 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;
 - xiii. Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
- b) The criteria for selecting schools/ areas where the CSR Activities will be carried will, inter-alia, comprise of the following:
- i. The school should be a government/ government aided/under served schools.
 - ii. Readiness on the part of the school management, local authorities and the community to accept and give their full support.
 - iii. Healthcare is to be targeted towards the needy individuals.
- c) The CSR cell shall make the necessary recommendation to the CSR committee and/or board (viz. data collection, survey, quotations and costs involved etc.). For this purpose, the CSR Committee and/or board may also approach external consultants for necessary assistance as it may deem fit at such costs as may be approved by the Board.
- d) The CSR Cell shall undertake sufficient due diligence of each of the CSR Activity before it is recommended.
- e) Based on the recommendations of the CSR Committee if any, the Board shall approve the following:
- i. The specific CSR Activities that should be undertaken from time to time;
 - ii. The amount of the CSR Expenditure on each of the CSR Activity; and
 - iii. Whether the CSR Activities will be undertaken directly or through an implementing agency or in collaboration with any other companies, including by availing services of any non-governmental organizations ("NGOs") and record reasons for the same.

- f) Activities undertaken in pursuance of the normal course of the Company business shall not be considered towards CSR Expenditure.
- g) All CSR projects must be aligned as prescribed in Schedule VII to the Companies Act, 2013.
- h) Projects or programmes or activities that benefit only the employees of the Company and their families shall not be considered as CSR.
- i) Contribution of any amount directly or indirectly to any political party shall not be considered as CSR.
- j) CSR projects or programmes or activities must be undertaken in India only.

8. CSR Expenditure and Allocation

- a) Tax treatment of CSR spent will be in accordance with Income Tax Act, 1961 as notified by Central Board of Direct Taxes.
- b) The Board shall approve the allocation of the CSR Expenditure on the CSR Activities and, to the extent possible, shall give priority to the local areas wherever the Company has its operations.

9. Implementation

- a) The Board along with the CSR Committee if any and the CSR Cell shall be responsible for implementation of this CSR Policy.
- b) We may undertake the CSR Activities either ourselves or through other qualifying NGOs or agencies. The projects, programs or activities identified by the CSR Committee and approved by the Board shall be implemented in a project mode through the CSR Cell which will entail charting the stages of execution through planned processes, measurable targets, mobilization and allocation of budgets and prescribed timelines. It also involves assigning of responsibility and accountability. Suitable documents/ agreements shall be entered into with NGOs and the other agencies for the purposes of implementation of the CSR Activity, in case the CSR Activity is proposed to be implemented through the third-party agencies. The conditions of grant of amounts for all CSR Activities and the break-up of the allocations shall be set out and evaluated from time to time.
- c) To the extent feasible, a project-based accountability approach to stress on the long-term sustainability of CSR Activities shall be adopted, and the indicative action plan and implementation schedule (timelines) for the projects, programs and activities shall be adopted.

10. Monitoring Mechanism

- a) To ensure effective implementation of the CSR projects, programs and activities undertaken in terms of this CSR Policy, the progress of each such project, programme and activity will be reported to the

CSR Committee if any and/or Board periodically, with all requisite documentation.

- b) Update on CSR implementation shall be submitted to the Board by the CSR Committee, periodically. The CSR Committee may, conduct impact studies on a periodic basis, through independent professional third parties/ professional institutions.
- c) The CSR Committee if any and/or board shall also try to obtain feedback from the beneficiaries of the CSR projects, programs and activities. If considered necessary, the Company may procure the evaluation of the effectiveness of the various programs/ activities undertaken under the CSR Policy through external agencies for providing the required feedback and inputs to formulate and improve the programs in future.

11. Impact Assessment

- a) Regular and interactive feedback sessions shall be conducted at all levels including with other NGOs through which CSR Activities are being undertaken as well as the respective beneficiaries of all the CSR Activities undertaken by the Company.
- b) Field visits shall be conducted at regular intervals to ensure effective implementation.
- c) Proper documentation shall be done in a periodical information report ("MIS") format to record key observations of such feedback sessions and field-visits.
- d) If deemed necessary by the CSR Committee and/or board, the effectiveness of the various programs/ activities undertaken under the CSR Policy may be evaluated through external agencies and reports shall be prepared pursuant to such evaluation.
- e) In the event of average CSR obligation of Rs. 10 crores or more in the three immediately preceding financial years, the Company shall ensure that impact assessment through an independent agency is carried out for CSR projects having an outlay of Rs. 1 crore or more. Expenditure incurred for such assessment shall not exceed 5% of the total CSR expenditure for the financial year or 50 lakh rupees, whichever is less.

12. Record Keeping

- a) The CSR Committee and/or board shall maintain proper minutes of all its meetings.
- b) The CSR Committee and/or board shall prepare an annual report on CSR with such information and particulars as may be required under law and such report shall be included in the Board's report annexed to the financial statements.
- c) The annual report of the Company shall include an annual report on CSR containing such details as may be prescribed from time to time under law.

- d) The Board will be responsible to ensure that the statutory requirements as may be prescribed from time to time under law are complied with.

13. GUIDING PRINCIPLES FOR ANNUAL ACTION PLAN

The Company shall prepare 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 are as follows:

- a. CSR programs shall not include activities as restricted under the amended CSR Rules.
- b. The preference for CSR programs is to be given by Company to local areas and areas around its operations.
- c. The CSR activities may be carried out directly or through implementing agency/ies.
- d. Payments to implementing agencies or to vendors should be milestone based.
- e. 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.
- f. Action plan shall be Simple, Action oriented, 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

The guiding principles for selection, implementation and monitoring -

A. FOR SELECTION OF ACTIVITIES:

- a. **Eligibility** - Statutory eligibility of implementing agency through which the CSR activities are selected
- b. **Sustainability** - Implementing agency has a track record of 3 years in undertaking similar programs or projects

- c. **Goodwill** – Implementing agency shall have goodwill in performing its activities diligently.
- d. **Law of land** – Implementing agency shall have a good stand in terms of Law of Land

B. FOR IMPLEMENTATION & MONITORING:

- a. **Accountability and Transparency** – Implementing agency shall be accountable for all expenses along with the acknowledgements. Further, there should be transparency in the actions to protect the interest of all the stakeholders.
- b. **Ethical Behaviour** – Management and Implementing agency shall maintain ethical behaviour while implementing and monitoring 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

14. Amendments

The CSR Committee, if any and/or board is empowered to amend or modify the CSR Policy and such changes shall be placed before the Board for its approval. The Board may subject to compliance with applicable law, at any time approve or alter, amend or modify the CSR Policy, as it deems fit to comply with the statutory obligation to undertake the CSR Activities.