

MAHAMAYA STEEL INDUSTRIES LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY

On the recommendation of Corporate Social Responsibility Committee, approved by the Board of Directors at its meeting held on 19th June, 2014

Philosophy and vision:

Corporate Social Responsibility” (CSR) is a way of conducting business, by which corporate entities visibly contribute to the social good. The essence of CSR is to integrate economic, environmental and social objectives with the company’s operations and growth. CSR is the process by which an organization thinks about and evolves its relationships with society for the common good and demonstrate its commitment by giving back to the society for the resources it used to flourish by adoption of appropriate business processes and strategies.

In its endeavors to mutually achieve the said objective, the Companies Act, 2013 stipulates the provisions regarding mandatory adherence to the Corporate Social Responsibility practices by the prescribed companies.

Even before the issue of CSR became obligatory, Mahamaya Steel Industries Ltd. was fulfilling the aspiration of the society through donations to charitable and academic institutions.

Definitions

- (A) **Act:** The Act means Companies Act, 2013.
- (B) **Corporate Social Responsibility:** It means Corporate Social Responsibility (CSR) as prescribed under Section 135 of the Companies Act, 2013.
- (C) **CSR Activity:** It means and includes but is not limited to:-
- i. Projects or programmes relating to activities specified in Schedule VII to the Act;
 - ii. Projects or programmes relating to activities undertaken by the Board of Directors of a company (the Board) in pursuance of recommendations of the CSR Committee of the Board in the manner prescribed in the CSR policy.
- It is pertinent to mention that any activity which is undertaken exclusively for the benefit of employees of the company or their family members shall not be considered as CSR activity.
- (D) **CSR Committee:** It means the CSR Committee of the Board of Directors formed under section 135 of the Act.
- (E) **Net profit:** It shall mean the net profit as defined in the Companies (Corporate Social Responsibility Policy) Rules, 2014.
- (F) **Average Net profit:** It shall be calculated in accordance with the provisions of Section 198 the Companies Act,2013.

Constitution, Composition and activities of Corporate Social Responsibility Committee:

- The CSR initiatives / activities of the Company will be identified and initiated by the CSR Committee comprising of 3(three) or more members out of which at least one director shall be an independent director.
- The members of the CSR Committee shall elect one of them as the Chairman of the Committee. The CSR Committee shall recommend to the Board the amount of expenditure to be incurred by the Company on CSR activities and the Board will ensure that the activities as are included in the CSR Policy are undertaken by the Company subject to and in accordance with the provisions of Section 135 of the Companies Act, 2013.
- The composition of CSR Committee shall be disclosed in the Board's report.
- The functions of the Committee will be:
 - i) To formulate and recommend to the Board a CSR policy for undertaking activities mentioned in schedule VII of the new act.
 - ii) Recommend to the Board, the expenditure to be incurred on the activities
 - iii) Monitoring the policy from time to time.
 - iv) Preparing a transparent mechanism for implementation of the projects, programs to be undertaken by the Company.

CSR activities:

The Company may undertake any of the following activities as its CSR activities:

1. eradicating hunger, poverty and malnutrition, promoting health care 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;
2. promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the different abled and livelihood enhancement projects;
3. promoting gender equality, empowering women, setting up homes and hotels 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;
4. 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 river Ganga;
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 arts and handicrafts;
6. measures for the benefit of armed forces veterans, war widows and their dependants;
7. training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports;
8. Contribution to the Prime Ministers 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;

9. Contribution or funds provided to technology incubators located within academic institutions which are approved by the Central Government.
10. Rural development projects.
11. Slum area development
12. Such other matters as may be prescribed under applicable statute and as may be thought fit by the CSR Committee and approved by the Board.

The entries in the said Schedule VII must be interpreted liberally so as to capture the essence of the subjects enumerated in the said Schedule.

CSR activities should be undertaken by the companies in project / programme mode [as referred in Rule 4 (1) of Companies CSR Rules, 2014]. One-off events such as marathons/ awards/ charitable contribution/ advertisement/ sponsorships of TV programmes etc. would not be qualified as part of CSR expenditure.

Amount of expenditure to be incurred on the CSR activities:

Mandatory annual spending on CSR Activities in any particular financial year shall be “2% of the average of the annual net profit of the preceding three financial years.”

The corpus of the CSR activity would include the following amounts:

- a) 2% of the average net profits,
- b) any income arising therefrom, and
- c) surplus arising out of CSR activities.

The surplus arising out of the CSR activity will not be part of business profits of the company.

Implementation:

CSR activities may be initiated / implemented / executed:

i) By the Company; or

ii) Through:

a) A registered trust, registered society or a company established by the Company or its holding or subsidiary or associate company under Section 8 of the Companies Act, 2013.

b) If such trust, society or a company is not established by the Company or its holding or subsidiary or associate company, the eligible CSR activities will be undertaken in collaboration with a specialized organization, institution or agency which has an established track record of at least three years in undertaking CSR projects or in carrying on permissible CSR activities. Companies may also pool or collaborate their funds with other companies to carry out CSR projects.

- CSR Committee shall have full discretion to specify or modify the modalities of execution of CSR projects or programs and to determine implementation schedules.

- The Company’s CSR activities will give preference to the local area and areas around, where it operates, for spending the amount earmarked for CSR activities.

- The CSR activities shall be undertaken within India.

- The CSR projects or programs or activities that benefit only the employees of the Company and their families or activities undertaken in pursuance of normal course of business of the Company shall not be considered as CSR activities in accordance with this policy or under Section 135 of the Companies Act, 2013.

Monitoring of this CSR policy:

Compliance with this policy will be continuously monitored by the CSR Committee at its meeting(s), subject to annual review by the Board of Directors. The Contents of this policy shall be disclosed in the Board report and placed on the Company's website. Compliance will be reported to stakeholders through the Company's Annual Report.

The Board shall ensure spending of allocated amount on CSR activities and report the status in its annual report, also specify the reasons of not spending of the allocated amount, if any.

The members of the CSR committee shall be appointed or removed by the Board of Directors by way of Resolution. The members of the committee shall appoint the Chairman of the Committee and in his absence any other member of the CSR Committee shall preside over the meeting(s) of the CSR Committee. Company Secretary shall be the Secretary of the CSR Committee. The minutes of CSR committee meetings shall be placed before the Board meeting.

Disclosures to be made:

The Board's Report shall include details of CSR such as members of the committee, CSR policy, projects on which CSR shall be spent, average profits for last three years, in case company fails to spend the prescribed amount - reasons for such failure etc.

Details will also be required to be displayed on the website of the Company.