

PARRY AGRO INDUSTRIES LIMITED **CORPORATE SOCIAL RESPONSIBILITY POLICY**

Preamble

The Murugappa Group is known for its tradition of philanthropy and community service. The Group's philosophy is to reach out to the community by establishing service-oriented philanthropic institutions in the field of education and healthcare as the core focus areas.

The Company upholds the Group's tradition by earmarking a part of its income for carrying out its social responsibilities. We believe that social responsibility is not just a corporate obligation that has to be carried out, but it is one's dharma. Therefore, our philanthropic endeavours are a reflection of our spiritual conscience and this provides us a way to discharge our responsibilities to the various sections of the society.

The Company has been carrying out Corporate Social Responsibility (CSR) activities for a long time through AMM Foundation, an autonomous charitable trust, in the field of Education and Healthcare, while also pursuing CSR activities for the benefit of community in and around local areas of its operations.

Corporate Social Responsibility Purpose Statement

The Company shall seek to impact the lives of the disadvantaged by supporting and engaging in activities that aim to improve their wellbeing. We are dedicated to the cause of empowering people, educating them and in improving their quality of life. While we will undertake programmes based on the identified needs of the community, education and healthcare shall remain our priority. Across the different programme areas identified by the company, it would be our endeavour to reach the disadvantaged and the marginalised sections of the society to make a meaningful impact on their lives.

We are committed to identifying and supporting programmes aimed at:

- Empowerment of the disadvantaged sections of the society through education, access to and awareness about financial services and the like;
- Provision of access to basic necessities like healthcare, drinking water & sanitation and the like to the under privileged;
- Work towards eradicating hunger and poverty, through livelihood generation and skill development;

- Supporting environmental and ecological balance through afforestation, soil conservation, rain water harvesting, conservation of flora & fauna, and similar programme;
- Promotion of rural sports, nationally recognized sports, paralympic sports and Olympic sports through training of sportspersons;
- Undertake rural development projects;
- Any other programme that falls under our CSR purpose including those listed in schedule VII of the Companies Act, 2013 as may be amended from time to time and is aimed at the empowerment of disadvantaged sections of the society.

Scope

This policy will apply to all projects/programmes undertaken as part the Company's Corporate Social Responsibility and will be developed, reviewed and updated periodically with reference to relevant changes in corporate governance, international standards and sustainable and innovative practices. The policy will maintain compliance and alignment with the activities listed in Schedule VII and Section 135 of the Companies Act 2013 and the rules framed thereunder.

Governance

The approval of the CSR policy and oversight is the responsibility of the Company's Board of Directors. The responsibility of the CSR Committee is to formulate the policy and to administer the policy through implementing partner(s) or via self-implementation.

The CSR Committee shall provide guidelines for projects/partner selection to the respective HR or CSR teams, wherever applicable. The CSR Committee is to ensure that projects/programmes are compliant with regulations and are monitored and reported effectively.

As the Company's CSR activities evolve, the policy may be revised by the CSR committee and approved by the Board of Directors.

Further, where the amount to be spent by the Company for CSR Activities does not exceed Rupees Fifty Lakhs in a Financial Year, the constitution of CSR Committee shall not be applicable and the functions of such committee shall be discharged by the Board of Directors of the Company.

Annual Action Plan

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;
- (b) the manner of execution of such projects or programmes;
- (c) the modalities of utilisation 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

Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.

CSR Expenditure

The CSR Committee shall recommend to the Board the amount of expenditure to be incurred on the CSR activities to be undertaken by the company in the areas or subjects specified in Schedule VII of the Companies Act, 2013 or as permitted by the MCA from time to time.

1. Unspent Amount:

- a. Any amount remaining unspent unless such amount relates to any ongoing project* shall be transferred to a fund specified in Schedule VII within a period of six months from the expiry of the Financial Year and the Board of Directors shall specify the reasons for not spending the amount in its report.
- b. Any amount remaining unspent pursuant to any ongoing project shall be transferred within thirty days from the end of the Financial Year to a separate bank account to be opened by the Company in that behalf for that financial Year to be called the Unspent Corporate Social Responsibility Account.

The amount so transferred to the Unspent CSR Account should be utilized within three financial years from the date of such transfer failing which the amount unspent at the

end of the third financial year should be transferred to a Fund specified in Schedule VII of the Act within a period of thirty days from the date of expiry of the third financial year.

If the Company has any amount in its Unspent Corporate Social Responsibility Account, CSR Committee shall be constituted and the Company shall comply with the provisions of Section 135 of the Companies Act, 2013.

*On-Going project for the purpose of this policy 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”

2. Surplus arising out of CSR Spend

Any surplus arising out of CSR activities shall not form part of business profits of the Company and shall either be

- a. ploughed back into the same project (or)
- b. shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the company (or)
- c. transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year

3. Excess CSR Spend

Any amount spent in excess of the requirement under Section 135 of the Companies Act, 2013 may be set off against the CSR obligation under Section 135 of the Act up to immediate succeeding three financial years subject to the conditions that:

(i) the excess amount available for set off should not include the surplus arising out of the CSR activities, if any.

(ii) Setting-off of the excess CSR spend requires the approval of the Board

4. Creation or acquisition of capital asset:

The CSR amount may be spent by the company for creation or acquisition of a capital asset, which shall be held by –

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

Implementation

The Company shall undertake CSR project/programmes identified by the CSR Committee and approved by the Board of Directors in line with the CSR Policy.

The Company shall implement its CSR project /programmes:

- a) Through an implementation partner that can be a a Company registered under Section 8 of the Companies Act 2013, registered public trust or a society exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961 (43 of 1961), , established by the Company either singly or along with any other Company; or
- b) Through the 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
- c) Through any entity established under an Act of Parliament or a State legislature; or
- d) a company established under section 8 of the Act, or a registered public trust or a registered society exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

Explanation.- For the purpose of clause (c), the term “entity” shall mean a statutory body constituted under an Act of Parliament or State legislature to undertake activities covered in Schedule VII of the Act.’.

With effect from 1st April 2021, implementation partners are required to register themselves with the Central Government in the manner as laid down in the Rules. The Company should engage with only registered implementation partners to undertake CSR activities.

- a) On its own, through the relevant HR or CSR department or
- b) Through its own foundation (if applicable) specifically created for implementing its CSR initiatives.

The Company may enter into partnerships or alliances with NGOs, Trusts, or other Corporate Foundations etc. to effectively implement its CSR programmes/projects.

The Company can also implement programme in collaboration with other company(ies), if permissible and feasible in such a manner that the CSR Committee is in a position to report separately on such projects / programmes.

The Company shall formulate criteria and procedure for selection, screening and due diligence of its implementing partners.

Monitoring and Reporting

The CSR Committee will oversee the implementation and monitoring of all CSR projects/programmes and periodic reports shall be provided for review to the Board.

The Company will institute a well-defined, transparent monitoring and review mechanism to ensure that each CSR project/programme has:

1. Clear objectives developed out of the societal needs that may be determined through need assessment studies and research (secondary or primary);
2. Clear targets, time lines and measureable indicators, wherever possible;
3. A progress monitoring and reporting framework that is aligned with the requirements of Section 135 of the Companies Act 2013 and the CSR Rules.

The Board should ensure that the administrative overheads do not exceed five percent of the total CSR expenditure for a financial year.

The Board of a company shall satisfy itself that the funds so disbursed have been utilized for the purposes and in the manner as approved by it and the person responsible for financial management shall certify to the effect.

In case of ongoing project, the Board of a Company shall monitor the implementation of the project with reference to the approved timelines and year wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.

The Board's Report of the company pertaining to any financial year shall include an annual report on CSR containing particulars as specified in the Act/ Rules.

The Board of Directors of the Company shall mandatorily disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on their website.

Impact Assessment

In case the average CSR obligation in the immediately three preceding financial years is ten crores or more, than then Company shall undertake an impact assessment of its projects with outlay of one crore rupees or more.

The Company may book the expenditure incurred towards CSR for a financial year which shall not exceed two percent of the total CSR Expenditure for that Financial Year or Rupees fifty lakh, whichever is higher.

The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.

Limitation and Amendment

In the event of any conflict between the provisions of this Policy and of the Act, rules, the provisions of such Act, rules shall prevail over this Policy. Any subsequent amendment / modification in the Act and/or applicable laws in this regard shall automatically apply to this Policy.
