

## **SAAHAJ MILK PRODUCER COMPANY LIMITED**

### **CSR POLICY**

#### **Introduction**

Saahaj Milk Producer Company Limited is a Producer Company incorporated under the Companies Act, 2013 on October 17, 2014 in the State of Uttar Pradesh (hereinafter termed as SMPCL or the Company). The main objects of the Company is to undertake the business of pooling, purchasing, processing of milk and milk products primarily of the Members and marketing of the same and to deal in activities that are part of or incidental to any activity related thereto SMPCL in conjunction with the objects for which it has been incorporated and is operating, aims to enrich the society and drive sustainable economic growth. SMPCL always believed in inclusive growth of all stake holders and improving the quality of life of all its members and communities where we operate.

#### **Objective**

The main objective of SMPCL's CSR Policy is to lay down guidelines/principles for selection, implementation and monitoring of activities as well as formulation of annual action plan for the Company to make CSR its key business process for sustainable development for the society where the Company operates and to comply with the provisions of the Companies Act, 2013, read with rules made there under. It aims to actively involved in the social and economic development of the society, in which the Company operate, share profits with the society through responsible business practices as well as good governance and bring positive changes to the lives of mankind. The Company believes in delivering high quality products to meet the needs of the community.

#### **Definitions**

1. "Corporate Social Responsibility (CSR)" means projects or programs relating to activities undertaken by the board of directors of a company (board) in pursuance of recommendations of the CSR Committee of the Board as per declared CSR policy of the company subject to the condition that such policy will cover subjects enumerated in Schedule VII of the Companies Act 2013 (hereinafter referred as "Schedule VII");
2. "CSR Committee" means the Corporate Social Responsibility Committee of the Board referred to in Section 135 of the Companies Act 2013;
3. "CSR Policy" means a statement containing the approach and direction given by the board of a company, taking into account the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan;

4. "Net Profit" means the net profit of the Company as per its financial statement prepared in accordance with provisions of Section 198 of the Companies Act, 2013, but shall not include the following viz;

(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 Companies Act 2013.

#### **Constitution of CSR Committee**

The Constitution and the role of the CSR Committee of the Board shall be in accordance with Section 135 and other applicable provisions of the Companies Act, 2013 read with Companies (Corporate Social Responsibility) Rules, 2014 including any modifications or amendments thereof).

The Board of Directors shall constitute a CSR Committee comprises of at least 3 (Three) Directors.

The Company Secretary of the Company shall act as the Secretary of the Committee.

The Board has power to re-constitute the committee from time to time in order to make it consistent with the Company's policy and applicable statutory requirement

#### **Role of CSR Committee shall include *inter-alia* the following**

- (i) formulating CSR Policy and making modifications, amendments, clarifications, deletions in the Policy, as and when considered necessary, in accordance with the provisions of the Act and Rules and recommending the same to the Board;
- (ii) recommending the budget and amount of expenditure to be incurred by the Company on Projects to be undertaken as per Schedule VII and any of its amendment;
- (iii) identification and specification of Projects to be undertaken whether directly or in collaboration with other companies or through implementing agency;
- (iv) instituting a transparent monitoring mechanism for implementation of the Projects undertaken by the Company and proper utilization of funds;
- (v) monitoring the working of the CSR team and the Policy from time to time;
- (vi) periodically review the progress being made in the planned Projects;
- (vii) providing a responsibility statement in the Board's Report as to whether the implementation of the Projects and programmes is in compliance with and fulfils the objectives of this Policy; and
- (viii) Formulate and recommend to the Board of Directors an annual action plan w.e.f. April 01, 2021 which includes:

- i. the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
  - ii. the manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4 of CSR Rules;
  - iii. the modalities of utilization of funds and implementation schedules for the projects or programmes;
  - iv. monitoring and reporting mechanism for the projects or programmes; and
  - v. details of need and impact assessment, if any, for the projects undertaken by the company.
- (ix) any other activities / functions, as may be assigned by the Board.

CSR Committee may constitute a CSR Team if necessary for its assistance to implement the CSR activities under this Policy.

### **Scope of CSR activities**

The Company proposes to undertake/may select any of the following activities as its Corporate Social Responsibility activities in accordance with the Schedule VII of the Companies Act, 2013 read with Companies (Corporate Social Responsibility) Rules, 2014 including any modifications or amendments thereof);

- I. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach 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 centers 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 schedule caste, tribes, other backward classes, minorities and women.

- IX. 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.
- X. Rural and slum area development projects.

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.

- XI. Disaster management, including relief, rehabilitation and reconstruction activities.
- XII. Any other Projects / activities the Government may include from time to time to the Schedule VII of the Companies Act, 2013 or allow through clarifications/ Circulars.

Any ancillary or incidental activities required to be performed to undertake any of the projects mentioned above subject to the prior approval of the CSR Committee.

The CSR Activities shall not include the following:

1. Activities undertaken in pursuance of normal course of business of the Company;
2. activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019;
3. Contribution of any amount directly or indirectly to any Political Party (ies) under section 182 of the Companies Act 2013;
4. Activities carried out by the Company for the fulfilment of any act, statute, regulation or any other law;
5. Activities supported by the Companies on sponsorship basis for deriving marketing benefits for its products or services;
6. Any CSR projects/programs or activities undertaken outside India;
7. any activity undertaken by the company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;
8. Any other activity as may be prescribed under the Companies Act, 2013 and Rules.

### **Budget**

The Company proposes to spend 2% of the Net profit on Corporate Social Responsibility (CSR). Net Profit shall be calculated in accordance with the Act and rules.

### **CSR Expenditure**

The provisions of the Companies Act, 2013 read with rules made thereunder, mandate companies meeting the qualification criteria to allocate certain portion of its annual net profits during the three immediately preceding financial years to be spent on CSR activities shall fall under the purview of Schedule VII of the Companies Act 2013.

The CSR expenditure shall be recommended by the CSR Committee and subsequently to be approved by the Board of Directors. The Board shall ensure that the Company spends, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years.

### **Conditions of CSR Expenditure**

- (1) The Board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.
- (2) 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.
- (3) Where a Company spends an amount in excess of requirement provided under Section 135(5) of the Companies Act, 2013, such excess amount may be set off against the requirement to spend 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 Rule 7(2) of CSR Rules.
  - (ii) the Board of the company shall pass a resolution to that effect.
- (4) The CSR amount may be spent by a 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.

### **RESPONSIBILITY OF BOARD OF DIRECTORS WITH RESPECT TO IMPLEMENTATION AND MONITORING OF CSR ACTIVITIES IMPLEMENTATION**

1. The CSR Activities would be chosen for implementation by the Company in compliance with the provisions of Section 135 read together with Schedule VII of the Companies Act, 2013.
2. The Company shall give preference to the local area and areas around it where it operates for spending the amount earmarked CSR activities, However the

Committee may identify such area, as may deem fit, and recommend it to the Board for undertaking CSR Activities.

3. The Board of Directors shall ensure that the CSR activities are undertaken by the company itself or through any of the below implementing agency-
  - (a) 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
  - (b) 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
  - (c) 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, 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.
4. Apart from the above obligation, the above entities shall get itself registered with Central Government and get a unique CSR registration number w.e.f. April 01, 2021. These requirements are not exhaustive; the company will comply all the statutory obligation as may be amended or effective from time to time.
5. A company may engage international organisations 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.
6. A company may also collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or programmes in accordance with these rules.
7. The Board of a company shall satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.
8. The Board of Directors are further responsible to:
  - (i) Ensure that the activities included in CSR policy shall be undertaken effectively the Company.
  - (ii) Ensure that in each financial year, the Company spends at least 2% of the average net profits made during the three immediately preceding financial years and in case of failure to spend, specify the reason for non-spending and unless the amount unspent relates to ongoing project, transfer such unspent amount to a fund established under Schedule VII of Companies Act, 2013 within 6 months of the expiry of financial year.
  - (iii) Ensure that the recommendations made by CSR committee towards CSR activities and expenditure shall be undertaken effectively with or without modifications.
  - (iv) The unspent amount related to ongoing project after fulfilling the stipulated conditions in the Companies Act, 2013 shall be transferred to a special account namely "Unspent Corporate Social Responsibility Account" within

30 days from the end of financial year, which shall be spent within the period of 3 years from the date of transfer. In case of failure to spend within the prescribed timeline it shall be transferred to fund established under Schedule VII of Companies Act, 2013 within 30 days of the completion of third financial year. The ongoing project shall be monitored with reference to the approved timelines and year wise allocation and can be modified for its smooth implementation.

- (v) Ensure that every financial year funds approved by the Company for CSR activities are utilized effectively and a certificate shall be given by the person responsible for financial management to the Board of Directors at the time of approval of financials.
- (vi) Disclosing in its Annual report the name of CSR committee members, the content of the CSR policy as per prescribe Annexure under Companies Act, 2013 and ensure Composition of CSR activities, CSR policy, Project Approved for CSR ad annual reporting of its CSR activities on the Company website or any other acts, deeds and things as may be required under the Act from time to time.
- (vii) The impact assessment report shall be the part of annual report of CSR which shall be applicable in case of average CSR obligation of ten crore rupees or more in three immediate preceding financial years conducted through an independent agency of the CSR projects having outlay of one crore rupees or more and which have been completed not less than one year before undertaking the impact study. The expenditure on impact study can be booked under CSR expenses for that financial year which shall not exceed 5% of total CSR expenditure or fifty lakh rupees whichever is less.

### **Monitoring**

The CSR Committee shall institute a transparent monitoring mechanism for implementation of CSR activities undertaken by the Company. The Committee will prepare the annual CSR Report and submit it to the Board.

The Board of Directors of the Company shall periodically review the implementation of CSR Activities in accordance with this Policy.

### **Reporting**

The Annual Report of the Company shall include a section on CSR outlining the CSR Policy, CSR Committee, CSR initiatives undertaken by the Company, the CSR spend during the financial year and any other information as prescribed by the prevailing law.

### **Amendments**

The Board of Directors on its own and/or as per the recommendations of CSR Committee can amend this Policy, as and when required as deemed fit. Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the regulations on the subject as may be issued from relevant statutory authorities, from time to time.

## **PUBLICATION OF THE CSR POLICY**

The contents of the CSR policy shall be included in the Director's Report and the same shall be displayed on the Company's website along with composition of the CSR Committee, and Projects approved by the Board as per Companies (Corporate Social Responsibility Policy) Rules, 2014.