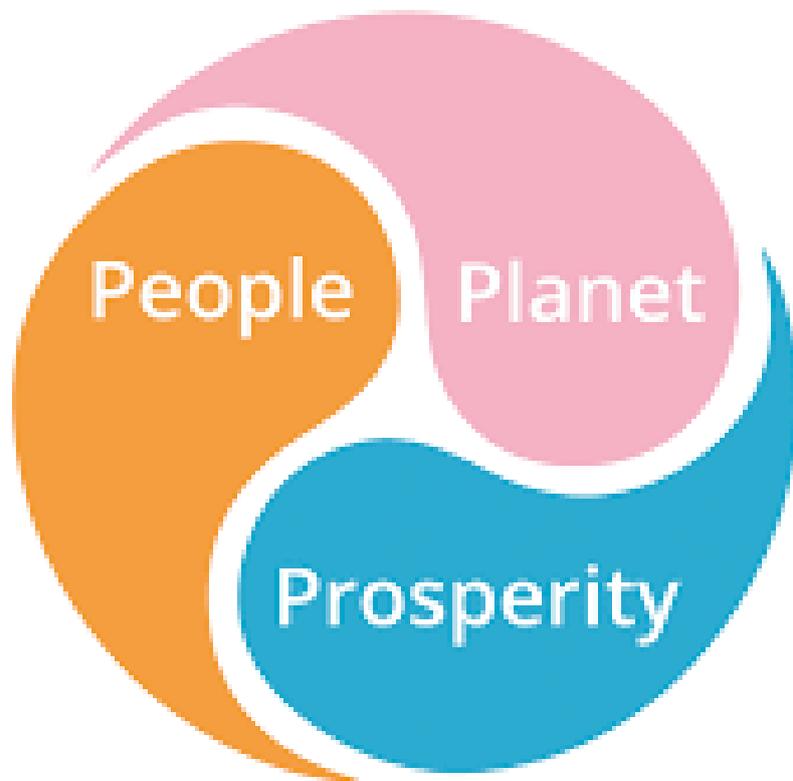




# CORPORATE SOCIAL RESPONSIBILITY POLICY

SAKHI MAHILA MILK PRODUCER COMPANY LIMITED





## **Introduction**

Sakhi Mahila Milk Producer Company Limited is a Producer Company incorporated under the provisions of Part-IXA of the Companies Act, 1956 on March 19, 2016 in the State of Rajasthan ('hereinafter termed as 'SMMPCL 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. SMMPCL in conjunction with the objects for which it has been incorporated and is operating, aims to uplift the life of rural society and drive sustainable economic growth. SMMPCL 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 objective of SMMPCL 's CSR Policy is to lay down guidelines/principles and framework for selection, implementation and monitoring of activities as well to define the areas and to indicate activities chosen by the company to carry its CSR activities in compliance with the provisions of the Companies Act, 2013, read with rules made there under. The aims is to be actively involved in the social and economic development of the society and share profits with the society and bring positive changes to the lives of mankind.

## **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 Board will have an oversight on the adherence to this Policy and may constitute a CSR Committee for this purpose if required or mandated by law.

The composition 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 ("Act") read with Companies (Corporate Social Responsibility) Rules, 2014 including any modifications or amendments thereof.

The CSR committee of the Company shall consist of three or more Directors, as determined by the Board of Directors of the Company (the "Board"). The Committee will meet as often as it deems appropriate. The quorum for all meetings of the Committee shall be either 1/3rd of the total strength of the Committee of Directors or two directors, whichever is less. The members of the Committee may participate in the meeting either in person or through video or telephonic conferencing in accordance with the Act and rules made thereunder. 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. The minutes of the meetings of the Committee shall be placed before the Board for noting.

The provision of Section 135(9) of the Companies Act 2013 read as under:



**"Where the amount to be spent by a company under sub-section (5) does not exceed fifty lakh rupees, the requirement under sub-section (1) for constitution of the Corporate Social Responsibility Committee shall not be applicable and the functions of such Committee provided under this section shall, in such cases, be discharged by the Board of Directors of such company•.**

In view of above provisions, the Board shall fulfil the responsibility of CSR Committee till constitution of CSR Committee not required.

Role of CSR Committee or the Board, as may be applicable shall include inter-alia the following:

1. 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;
2. 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;
3. identification and specification of Projects to be undertaken whether directly or in collaboration with other companies or through implementing agency ;
4. instituting a transparent monitoring mechanism for implementation of the Projects undertaken by the Company and proper utilization of funds;
5. monitoring the working of the CSR team and the Policy from time to time;
6. periodically review the progress being made in the planned Projects;
7. 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
8. Formulate and recommend to the Board of Directors an annual action plan w.e.f April 1, 20... 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 utilisation 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.

9. Any other activities / functions, as may be assigned by the Board.

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

#### **ROLE OF THE BOARD**

- (a) After taking into account the recommendations made by the CSR Committee, approve the amendments to CSR Policy for the Company from time to time.
- (b) Ensure that the CSR activities included in this Corporate Social Responsibility Policy are undertaken by the Company.
- (d) Ensure that in each financial year the Company spends in pursuance of its CSR policy, at least prescribed percentage of the average net profits of the company calculated in accordance with Section 198 of the Act.
- (e) 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.



- (f) The Board of Directors shall ensure that the CSR activities are undertaken by the company itself or through any of the implementing agencies as permitted by the Act from time to time.
- (g) 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.
- (h) 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.
- (i) 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 may undertake any or all of the above functions of the CSR Committee in case of absence of CSR Committee in the Company.

### **Scope of CSR Activities**

The Company's commitment to CSR projects and programmes will be by investing resources into one or more of the areas as per the provisions of Section 135 read together with **Schedule VII of the Companies Act, 2013** (including any statutory modification or re-enactment thereof, for the time being in force). The CSR Activities would be chosen by the CSR Committee for implementation after due consideration of the project for undertaking the permitted CSR activity and its benefits and contribution to the development of the society in line with the Company vision.

The CSR Activities shall not include the following

1. Activities undertaken in pursuance of normal course of business of the Company;



Provided that any company engaged in research and development activity of new vaccine, drugs and medical devices in their normal course of business may undertake research and development activity of new vaccine, drugs and medical devices related to COVID-19 for financial years 2020-21, 2021-22, 2022-23 subject to the conditions that

- (a) Such research and development activities shall be carried out in collaboration with any of the institutes or organisations mentioned in item (ix) of Schedule VII to the Act;
  - (b) Details of such activity shall be disclosed separately in the Annual report on CSR included in the Board's Report;
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 supported by the Companies on sponsorship basis for deriving marketing benefits for its products or services;
  5. Activities carried out for fulfilment of any other statutory obligations under any law in force in India
  6. 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;

### **CSR expenditure**

1. CSR expenditure will include all amounts incurred/contributed by the Company towards its CSR Programs. CSR expenditure shall also include all direct and indirect expenditure incurred towards the CSR Programs as may be admissible under the regulatory framework. In line with the requirements of the Act, Administrative overheads i.e. all expenses towards 'General Management and Administration' of CSR activities of the Company shall be capped at a maximum of 5%. Further, these



would not include expenses incurred by the Company towards designing, implementation, monitoring and evaluation. The overall amount to be committed towards CSR will be approved by the Board of Directors as a part of its Annual Action Plan. Within the Budget the allocation towards specific CSR initiatives/projects will be approved by the CSR Committee of the Board. All projects undertaken by the Company shall be approved /ratified by the CSR Committee.

2. The CSR activities undertaken in India only shall amount to CSR Expenditure. CSR Expenditure shall include all expenditure including contribution to corpus for CSR activities approved by the Board on the recommendation of the CSR Committee but does not include any expenditure on an item not in conformity or not in line with activities which fall within the purview of Schedule VII of the Act. The activities undertaken in the normal course of business will not be a part of CSR activities.
3. 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.
4. 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 Board of the company passing a resolution to that effect. Any 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.
5. 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:

#### **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.

### **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.

### **Review of the Policy**

The CSR Committee shall review the CSR Policy periodically and make revisions to the same with the approval of the Board.

### **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.



### **Extract of SCHEDULE VII of the Companies Act. 2013**

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 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 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 48[including contribution to the Clean Ganga Fund setup 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 arts and handicrafts;

(vi) Measure for the benefit of armed force 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 Olympics sports;



(viii) contribution to the Prime Minister's National Relief Fund or Prime Minister's Central Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Schedule 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 Defence 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).

(ix) Contribution to incubators funded by Central Government or State Government or any agency or Public Sector Undertaking of Central Government or State Government, and contributions to public funded Universities, Indian Institute of Technology (IITs), National Laboratories and Autonomous Bodies (established under the auspices of Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR), Council of Scientific and Industrial Research (CSIR), Department of Atomic Energy (DAE), Defence Research and Development Organisation (DRDO), Department of Biotechnology (DBT) Defence Research and Development Organisation (DRDO), Department of Science and Technology (DST), Ministry of Electronics and Information Technology) engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs);



(ix) Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;

(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.