

# **POLICY ON CORPORATE SOCIAL RESPONSIBILITY**

## **INTRODUCTION**

The Ministry of Corporate Affairs introduced the new concept of Corporate Social Responsibility (“CSR”) in the Companies Act, 2013 (“Act”) with a view to bring back the true meaning of the vedic philosophy of “**SARVA LOKA HITAM**” i.e. “the well-being of all stakeholders”, Thus it has regained importance in the current business environment. The concept has evolved over the years and now used as strategy and a business opportunity to earn stakeholder goodwill.

The need for Corporate Social Responsibility has gained prominence from all avenues. The corporate must understand that the Government cannot alone uplift the society as a whole and thus corporate must extend their hands for this noble cause.

Parag Milk Foods Limited always believed in and worked towards “inclusive growth’ - improving the quality of life of the people we touch and in the communities where we operate As a responsible organization, we understand our moral, social and business responsibility to protect, preserve & nurture human values and also to promote socio-economic welfare. Parag Milk Foods Limited believes in sharing the profits not only with its members but also with the society around it. The Company through its CSR initiatives will continue to enhance value and promote social sustainability, sustainable development of the environment and social welfare of the people and society at large, more specifically for the deprived and underprivileged persons.

## **OBJECTIVE**

The main objective of this policy is active involvement in the social and economic development of the society, in which we operate, share profits with the society through responsible business practices as well as good governance and bring positive changes to the lives of mankind.

## **EFFECTIVE DATE:**

This policy was approved by the Board of Directors at its meeting held on January 14, 2016 and the same was applicable to the Company from the date of its listing with BSE Ltd. (BSE) and National Stock Exchange of India (NSE) i.e. with effect from May 16, 2016

This policy was subsequently revised by the Board of Directors at its meeting held on February 02, 2019 and the same shall be effective with effect from April 01, 2019.

BSE and NSE are hereinafter together referred to as “the stock exchanges”.

## **DEFINITIONS**

“Corporate Social Responsibility (CSR)” means and includes but is not limited to:

- (i) Projects or programs relating to activities areas or subjects specified in Schedule VII to the Companies Act, 2013 (‘Act’).
  - (ii) 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 include activities, areas or subjects specified in Schedule VII of the Act
2. “CSR Committee” means the Corporate Social Responsibility Committee of the Board referred to in Section 135 of the Act.
3. “CSR Policy” relates to the activities to be undertaken by the Company in areas or subjects as specified in Schedule VII to the Act and the expenditure thereon, excluding activities undertaken in pursuance of normal course of business of a company.
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 Act.

Provided that net profit in respect of a financial year for which the relevant financial - statements were prepared in accordance with the provisions of the Companies Act, 1956 (1 to 1956) shall not be required to bere-calculated in accordance with the provisions of the Act: Provided further that in case of a foreign company covered under these rules, net profit means the net profit of such company as per profit and loss account prepared in terms of clause (a) of sub-section (1) of section 381 read with section 198 of the Act.

## CONSTITUTION OF CSR COMMITTEE

Pursuant to the provisions of Section 135 of the Companies Act, the Board of Directors has constituted the CSR Committee on 23rd June, 2014, and reconstituted on 26th May, 2015, 28th July, 2015 and 9<sup>th</sup> November, 2016. The Committee comprises of following Directors as on date of this policy –

Sr. No.	Name of the Director	Position	Category
1	Mr. B.M. Vyas	Chairman	Non-Executive Director
2	Mr. Devendra Prakash Shah	Member	Executive Director
3	Ms. Radhika Pereira	Member	Independent Director
4	Mr. Narendra Ambwani	Member	Independent Director

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 CSR Committee shall***

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII;
- Recommend the amount of expenditure to be incurred on the CSR activities as referred in Schedule VII;
- Monitor the CSR Policy of the Company from time to time;
- Any other matter as may be considered expedient in furtherance of and to comply with the CSR Policy of the Company.

## CSR ACTIVITIES

### ***Currently, the following activities are permissible under the CSR Activities***

- 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;
- Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;

- Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centre's and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- 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;
- contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;
- 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;
- Measures for the benefit of armed forces veterans, war widows and their dependents;
- Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;
- 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;
- Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- Rural development projects.
- Slum area development.
- 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***

- Activities undertaken in pursuance of normal course of business of the Company;
- Activities that benefit only the employees of the Company and their families;
- Contribution of any amount directly or indirectly to any Political Party (ies) under section 182 of the Act;
- Any CSR projects/programs or activities undertaken outside India.

## **CONTRIBUTION TOWARDS THE CSR ACTIVITIES**

- The Board of the Company shall ensure that the Company allocates and 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, calculated in accordance with section 198 of the Act, in pursuance of the Policy.
- Any surplus arising out of the contribution made for CSR Activities shall not form part of the business profit of the Company and shall be used for CSR only.
- If the Company fails to spend such amount the Board shall, in its report specify the reasons for not spending the amount.
- 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 areas or subjects, specified in Schedule VII of the Act.

## **FREQUENCY OF MEETINGS**

The meetings of the Committee could be held at such periodic intervals as may be required.

## **QUORUM**

Minimum two (2) members shall constitute a quorum for the Committee meeting.

## **CHAIRMAN**

In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.

## **SECRETARY**

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

## **MINUTES OF THE COMMITTEE MEETING**

Proceedings of all meetings must be entered in minute's book and signed by the Chairman of the Committee and tabled at the subsequent Board and Committee meeting.

## **CSR ACTIVITIES IMPLEMENTATION**

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

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.

A list of CSR activities which the Company plans to undertake the implementation in line with the objects of the Company and requirements as per the Act will be laid down before the Committee, specifying modalities of execution in the areas/sectors chosen and implementation schedules for the same.

If the Company decides to set up a trust or a society or a Company established under section 8 of the Act by the Company, either singly or along with its holding or subsidiary or associate Company, or along with any other Company or holding or subsidiary or associate Company of such other Company within India to facilitate implementation of its CSR activities in accordance with its stated CSR Policy, the following shall apply -

1. The Company would need to specify the activities to be undertaken by such an agencies, for utilizing funds provided by it;
2. The Company shall establish a monitoring mechanism to ensure that the allocation is spent for the intended purpose only;

The Company may also collaborate with other Companies for undertaking projects or programs for CSR activities in such a manner that the CSR Committees of the respective Companies are in a position to report separately on such projects or programmes.

The Company may build CSR capacities of their own personnel as well as of their implementing agencies through Institutions with established track records of at least three

financial years but such expenditure shall not exceed 5 (five) percentage of the total CSR expenditure of the Company in one financial year.

## **MONITORING AND REPORTING**

The CSR Committee shall institute a transparent monitoring mechanism for implementation of CSR activities undertaken by the Company.

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

The Committee will prepare the annual CSR Report and submit it to the Board.

## **DISCLOSURE**

The Company shall disclose in the prescribed format the details of CSR activities of the Company in the Directors' Report and on the website of the Company, as required under the Act and Rules. The Board Report of a Company shall include an Annual Report on CSR containing particulars specified in Annexure to the CSR Rules as per the prescribed format.

## **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.

## **SCOPE AND LIMITATION**

The Policy has been formulated by the CSR Committee and approved by the Board of Directors of the Company in compliance of Section 135 of the Companies Act, 2013 read with rules made thereunder. The Policy shall apply to all CSR activities undertaken by the Company in India as per Schedule VII of the Act.

In the event of any conflict between the provisions of this Policy and the Listing Regulations/Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Regulations/Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.