

# MAHARAJA SHREE UMAID MILLS LTD

## CORPORATE SOCIAL RESPONSIBILITY POLICY

FRAMED UNDER SECTION 135(3) (a) OF THE COMPANIES ACT, 2013

### INTERPRETATION

For the purposes of this Policy, references to the following shall be construed as:

1. **“Administrative Overhead”** means the expenses incurred by the company for ‘general management and administration’ of Corporate Social Responsibility functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme
2. **“Corporate Social Responsibility” or “CSR”** means the the activities undertaken by a Company in pursuance of its statutory obligation laid down in Section 135 of the Act and in accordance with the provisions contained in the Rules made thereunder, but shall not include the following, namely
  - i. activities undertaken in pursuance of normal course of business of the Company;
  - ii. 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;
  - iii. contribution of any amount directly or indirectly to any political party under Section 182 of the Act;
  - iv. activities benefitting employees of the company as defined in Clause (k) of Section 2 of the Code on Wages, 2019;
  - v. activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;
  - vi. activities carried out for fulfilment of any other statutory obligations under any law in force in India;
3. **“Corporate Social Responsibility Committee” or “CSR Committee”** shall mean a Committee of the Board referred to in section 135 of the Companies Act, 2013.
4. **“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.

5. **“Net Profit”** means the net profit before tax of the Company as per its financial statement prepared in accordance with the applicable provisions of the Act including amendments thereof, if any, but shall not include the following, namely :-
  - a. any profit arising from any overseas branch or branches of the Company, whether operated as a separate company or otherwise; and
  - b. 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.
6. **“Ongoing Project”** means a multi-year project undertaken by the 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

## **MISSION AND VISION**

Maharaja Shree Umaid Mills Ltd (hereinafter called “the Company”) and its people are committed to the society, ecology and environment. Company realizes that caring for the society, country and the planet is not philanthropy or generosity, it is the very way of doing sustainable business. The Company also realizes that the Company is not being generous by following the CSR Policy, it is only being relevant and meaningful to the society of which we are a corporate citizen.

**Vision:** The CSR Committee’s Vision is “changing lives in pursuit of collective development and environmental sustainability”. This vision should encompass all CSR activities of the Company.

**Mission:** The CSR Committee’s Mission is primarily to pursue initiatives directed towards enhancing welfare measures of the society based on long term social and environmental consequences of the CSR activities. Within the above mission, the CSR Committee will choose Priority Projects from time to time.

The objective of this Policy is not only to guide the Company and its people to indulge in social activities but also to integrate the business processes with social processes. The Company believes that CSR Policy is the Company’s faith in socially inclusive and sustainable business as the way of doing business.

## **APPROACH TOWARDS CSR**

The Company recognizes that good CSR embraces all aspects of sustainable development and the way the Company affects people through its business operations. The Company recognizes that CSR is not all about spending, it is orientation of the Company and its people to larger social causes. The Company encourages its people to contribute to its CSR efforts in every possible way.

The policies to be pursued by the CSR Committee are as follows:

### **General business policies:**

1. The Company realizes that one of the most important parameters for a socially responsible corporate citizen is to carry out its business in accordance with principles of sustainability, balance and equity. The Company will always strive to align its

business interests with those of the society in general, ecology and environment. The Company further encourages any stakeholder or any member of the public to make thoughtful suggestions, addressed to Chairperson of the CSR Committee, for sustainable business practices.

2. The Company will encourage voluntary efforts of its directors and employees to CSR Projects. The Company also encourages its directors and employees to recommend to the CSR Committee meaningful projects in accordance with the Guiding Principles that may be taken up by the Company, under the supervision of the CSR Committee.
3. The Company shall strive to enhance corporate value while achieving a stable and long-term growth for the benefit of stakeholders.
4. The Company respects and honours the human rights of people involved in its business and, in particular, does not use or tolerate any form of forced or child labour.
5. As far as possible, the Company shall strive to create self-sustainability in its CSR efforts, that is to say, over a long run, a CSR Project should be able to generate sufficient resources, whether by way of profits or by way of a regular flow of contributions, so that it does not have to depend on the Company's contribution on a regular basis.

### CSR Expenditure

1. The Company shall, in each financial year, spend a minimum amount of 2% of the average net profits made during three immediately preceding financial years or such higher amount as may be recommended by the CSR Committee and approved by the Board of Directors of the Company.
2. In any financial year, if the Company is unable to spend the 2% of the average net profit, the Company shall, in its Board's Report prepared under Section 134(3)(o) of the Companies Act, 2013, specify the reasons for not spending the amount.
3. The board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.
4. 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.
5. Where a company spends an amount in excess of requirement provided under sub-section (5) of section 135, such excess amount may be set off against the requirement to spend under sub-section (5) of section 135 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 sub-rule (2) of this rule. (ii) the Board of the company shall pass a resolution to that effect.

6. 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 under sub-rule (2) of rule 4; or
  - b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
  - c) a public authority:
7. The Company shall deal with the unspent amount, if any, in the following manner:
  - a. where the unspent amount is related to an Ongoing Project, such unspent amount shall be transferred to the CSR Unspent Account within a period of 30 days from the end of the financial year and the same shall be spent in the manner as prescribed in section 135(6) of the Act and the Rules; and where the unspent amount is not related to an Ongoing Project, such unspent amount shall be transferred to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year or such other time period as permissible under the Applicable Law

## **GUIDING PRINCIPLES**

### **A. SELECTION OF CSR PROJECTS**

1. The CSR Committee shall, from time to time, identify the Priority Projects of CSR to be carried out by the Company from the areas specified under Schedule VII of the Act;
2. Notwithstanding the listing of the Priority Projects, the CSR Committee may undertake projects which are relatable to the activities as stated in Schedule VII of the Companies Act, 2013, by taking a liberal interpretation so as to capture the essence of the subjects enumerated in the said Schedule.
3. The Company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for CSR Projects.
4. A CSR Project may be selected by the CSR Committee, either based on its own discretion or based on recommendations/ proposal received from any stakeholder as mentioned above. The CSR Committee will accord priority to projects in the areas covered by Priority Projects.
5. The CSR Committee shall approve an Annual Action Plan in terms of the Policy and recommend the same to the Board of Directors for its approval.
6. The CSR Committee, after identifying and approving a CSR Project, shall fix a target spending as per the Annual Action Plan or any modification thereof, and direct the CSR Cell to carry out the execution thereof.

However, the Chairman of the Company and the Managing Director of the Company are severally authorized to undertake any CSR project(s), provided that the amount spent/ to be spent for any such project shall not exceed 5% of the entire CSR Budget for the year as well as the same shall be subject to approval of the CSR Committee and Board, subsequently.

## **AREAS/SUBJECTS SPECIFIED IN SCHEDULE-VII**

- a) eradicating hunger, poverty and malnutrition, promoting health care including preventive health care 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;
- b) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- c) 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;
- d) 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;
- e) 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;
- f) measures for the benefit of armed forces veterans, war widows and their dependents;
- g) training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports;
- h) 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;
- i) contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- j) rural development projects etc.
- k) slum area development.
- l) Disaster management, including relief, rehabilitation, and reconstruction activities.
- m) Such other projects or purposes as may be notified by the Government from time to time.

## **B. IMPLEMENTATION OF CSR PROJECT/ACTIVITIES**

(1) The Board shall ensure that the CSR activities are undertaken by the company itself or through –

(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.

(2) A company may engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per CSR policy as well as for capacity building of their own personnel for CSR.

(3) 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.

(4) 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.

(5) 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.

### **FORMULATION OF THE ANNUAL ACTION PLAN**

1. The Management shall place before the CSR Committee as well as before the Board, the Annual Action Plan at the first Meeting of the Financial Year wherein the annual accounts of the Company shall be considered for approval which may be amended from time to time as recommended by the CSR Committee and approved by the Board.
2. The Annual Action Plan shall include the following,
  - a. the list of CSR projects or programmes that are approved to be undertaken in the areas or subjects specified in Schedule VII of the Act;
  - b. the manner of execution of such projects or programmes as specified in Rule 4(1) of the Rules;
  - 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;
3. The 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.

## **IMPACT ASSESSMENT**

1. The Company shall carry out impact assessment on fulfillment of the following conditions:
  - a. The average CSR obligation of the Company, in pursuance of sub-section (5) of section 135 of the Act, in the three immediately preceding financial years is ten crore rupees or more.
  - b. The Company had an outlay of one crore rupees or more for any of the Projects undertaken by it; and
  - c. The Project(s) mentioned in clause (b) above have been completed not less than one year before undertaking the impact study
2. The Company shall undertake impact assessment, through an independent agency, of its CSR projects as mentioned in sub- clause (b) and (c) above.
3. The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.
4. The Company may book the expenditure arising out of the impact assessment towards Minimum CSR allocation for the financial year in which the assessment is being carried out, which shall not exceed five percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is less.

In case the CSR Committee decides to execute a CSR Project through an external agency, such as a trust, society or NGO (“Agency”), it would adhere to the following guiding principles:

1. The Agency must be eligible for carrying the CSR Project, and must have track record in carrying similar project for a period to the satisfaction of the Committee, but not less than 3 years. Subject to the above, any director of the Company may be associated / affiliated as a trustee, governing body member or in any other manner with the Agency, provided that no personal benefit, directly or indirectly, should flow from such Agency to any such director.
2. The Committee shall provide specific Project agenda, targets, target spending, accomplishments, manner of execution etc to the Agency, subject to discussions with the Agency.
3. The disbursement of funds to the Agency must be done on a progressive basis so as to align with the funding needs of the Project, and to permit the evaluation of the activity carried so far.
4. The Agency must provide periodically reports, to the satisfaction of the Committee, about execution of the Project.

### **CSR Cell**

1. The Company, along with pursuing CSR projects at its own, also may constitute a CSR Cell consisting of a specified number of whole time employees of the Company, who, in addition to their regular duties, will come forward to contribute to the Company’s CSR initiatives.

2. The CSR Cell would further be actively involved in implementation of projects in accordance with the Guiding Principles and General Policies as consented by the CSR Committee.
3. The CSR Cell may work singly or in partnership with any eligible trust(s), NGO(s) or other organization(s) as approved by the CSR Committee.

### **MONITORING AND EVALUATION**

1. The CSR Committee shall periodically monitor and evaluate the performance of the Projects and the achievement of targets
2. The Committee shall periodically review and discuss the progress of each Project undertaken including spending thereon and make any decision including allocation/ reallocation of funds, with respect to the Project which it thinks fit and recommend the same to the Board of Directors for approval.
3. The Board of Directors of the 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 Chief Financial Officer or the person responsible for financial management shall certify to that effect.
4. In case of Ongoing Project, the Board of the 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.
5. Where the CSR Cell has failed to spend the allocated amount or failed to meet the timeline for execution of its projects, the CSR Committee shall furnish to the Board the reasons for the same.

**Place: Kolkata**  
**Date: 05.02.2021**

**For Maharaja Shree Umaid Mills Ltd**

**(Lakshmi Niwas Bangur)**  
**Chairman of CSR Committee**  
**DIN: 00012617**