

MODERN DAIRIES LIMITED

POLICY ON CORPORATE SOCIAL RESPONSIBILITY

PREAMBLE

Modern Dairies Limited (“the Company”) has always been committed to good corporate governance practices. It has always believed in and worked towards “inclusive growth”-improving the quality of life of the people it touches and in the communities where it operates. As a responsible organization, it understands moral, social and business responsibility to protect, preserve & nurture human values and also to promote socio-economic welfare. Modern Dairies 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 enhance value and promote sustainable development of the environment and social welfare of the people and society at large, more specifically for the deprived and underprivileged persons.

In compliance with the provisions of section 135 of the Companies Act, 2013 (“Act”) including Schedule VII thereof, and the Companies (Corporate Social Responsibility Policy) Rules, 2014 (“Rules”), as amended from time to time, the Company shall undertake its CSR initiatives, projects, programmes in a manner compliant with the Act and the Rules (“CSR Activities”).

The Company formulated this Corporate Social Responsibility Policy which encompasses the Company’s philosophy towards its CSR and lays down the guidelines, framework and mechanism for effective planning, implementation and monitoring of its CSR Activities.

OBJECTIVE

The objectives of this policy are –

- Devising meaningful and effective strategies for carrying out CSR activities and engaging with all stakeholders towards implementation and monitoring.
- Make sustainable contributions to communities.
- Identify socio-economic opportunities to perform CSR activities.
- Focus on social welfare activities as envisaged in Schedule VII of Companies Act, 2013.

SCOPE OF THE POLICY

The Policy has been formulated by the Company 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.

DEFINITIONS

1. **“Administrative overheads”** 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 (CSR)”** means the activities undertaken by a Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, 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 (29 of 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. **“CSR Policy”** means a statement containing the approach and direction given by the board of a company 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 Act.

7. **“Ongoing Project”** 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;

8. **“Public Authority”** means ‘Public Authority’ as defined in clause (h) of section 2 of the

Right to Information Act, 2005 (22 of 2005);

FUNCTIONS OF BOARD

The Board shall inter alia, carry out the following functions:

- a) To formulate a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company in areas or subject, specified in Schedule VII of the Companies Act, 2013 and rules made thereunder;
- b) To recommend the amount of expenditure to be incurred on the CSR activities.
- c) To monitor the implementation of framework of CSR Policy.
- d) To carry out any other function as mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification as may be applicable or as may be necessary or appropriate for performance of its duties.

CSR ACTIVITIES

The Company shall undertake CSR Projects within the overall ambit of Schedule VII to the Companies Act, 2013, as mentioned herein below:

- (i) **Health & Hygiene**: Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
- (ii) **Education**: promoting education including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement project;
- (iii) **Gender Equality**: 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) **Environment Sustainability**: 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 for rejuvenation of river Ganga;
- (v) **Heritage Protection**: 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) **Armed Forces**: 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) **Sports**: training to promote rural sports, nationally recognised sports, paralympic sports and olympic sports;

(viii) **Contribution:** 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 Government or the State Governments for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;

(ix) **Research & Development:**

(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).

(x) rural development projects;

(xi) slum area development;

(xii) disaster management, including relief, rehabilitation and reconstruction activities;

(xiii) setting up makeshift hospital and temporary Covid Care Facilities; and

(xiv) such other activities as may be prescribed under the Act and Rules from time to time.

Identification of CSR Projects

1. CSR Projects need to be identified and planned for approval of the Board, with estimated expenditure and phase wise implementation schedules.

2. The Company shall ensure that in identifying its CSR Projects, preference shall be given to the local area and areas around which the Company (including its Units) operates. However, this shall not bar the Company from pursuing its CSR objects in other areas.

3. The CSR Officer may engage external professionals/firms/agencies if required for the purpose of identification of CSR Projects.

CSR EXPENDITURE

- The Board shall ensure that the Company spends, in every financial year, a minimum of 2% (two percent) of the average Net Profits of the Company made during the 3 (three) immediately preceding financial years in compliance with the provisions of the Act and in pursuance of this Policy. The overall CSR expenditure shall be approved by the Board.

The Board shall also ensure that:

- a) the Administrative Overheads shall not exceed 5% (five percent) of total CSR expenditure of the company for the financial year;
 - b) 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; and
 - c) If Company spends an amount in excess of its CSR obligations, such excess amount may be set off against the requirement to spend on the future CSR obligations up to immediate succeeding 3 (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; and
 - II. the Board shall pass a resolution to that effect.
- The CSR amount may be spent by the company for creation or acquisition of a capital asset, which shall be held by -
 - i. 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
 - ii. beneficiaries of the CSR project(s), in the form of self-help groups, collectives, entities; or
 - iii. a Public Authority:
 - In the event the Company fails to spend up to a minimum of 2% (two percent) of the average Net Profits of the 3 (three) immediately preceding financial years or such sum as may be prescribed or any part thereof on CSR Activities, reasons for not spending such amount shall be disclosed in the Board's Report and unless the unspent amount relates to any Ongoing Project, the Company shall transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.
 - Any amount if remains unspent, pursuant to any Ongoing Project, shall be transferred within a period of 30 (thirty days) from the end of the financial year to a special account to be opened in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account, and such amount shall be spent by the Company in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of three financial years from the date of such transfer, failing which, the Company shall transfer the same to a Fund specified in Schedule VII, within a period of 30 (thirty days) from the date of completion of the third financial year.

CSR IMPLEMENTATION

The implementation of the CSR Activities may be done by one or more of the following means:

- the Company may undertake the CSR Activities on its own;

- Through Registered Trust or Society or Company established by the Company.
- Any other established Registered Trust or Society having track record of three years in undertaking similar programs or projects.
- Collaborate with other Companies for undertaking projects or programs or CSR activities.

PROJECT MONITORING AND REPORTING

The Board shall monitor the implementation of the CSR Policy through periodic reviews. The list of programmes, projects, and activities shall be approved by the Board. In compliance with the Act and to ensure funds spent on CSR programmes are creating the desired impact on the ground, a comprehensive Monitoring and Reporting framework will be put in place.

Programme Monitoring:

Programme monitoring mechanism will ensure:

- the CSR policy is implemented as per the Act and the Rules. The CSR policy is implemented ensuring that all projects/programmes as budgeted are duly carried out
- CSR spends will be closely monitored and funds shall be released against verified utilizations as per the approved work plans.
- CSR spends will be audited in an accountable and transparent manner.
- Timely review by the Board.

Documentation and Reporting:

As required by the provisions of the Companies Act and Rules made thereunder, the Company shall disclose the CSR Policy and CSR projects and programmes approved by the Board on its website for public access. The Board's Report of the Company pertaining to any financial year shall include an annual report on CSR containing particulars specified in the Rules, as applicable.

AMENDMENTS

The Board of Directors 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.

Note: *This policy has been adopted by the Board vide its resolution dated 12.05.2023*