

# **SAGAR MANUFACTURERS PRIVATE LIMITED**

## **POLICY ON CORPORATE SOCIAL RESPONSIBILITY**

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## **SAGAR MANUFACTURERS PRIVATE LIMITED CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY**

### **EFFECTIVE DATE**

This policy is effective from 25.03.2016

### **INTRODUCTION**

The Board of Directors (the “Board”) of **Sagar Manufacturers Private Limited** (the “Company or SMPL”) has adopted the following policy with regard to Corporate Social Responsibility of the Company as defined below. With the advent of the Companies Act, 2013 constitution of a Corporate Social Responsibility Committee of the Board and formulation of a Corporate Social Responsibility Policy became a mandatory requirement. Therefore, the Company seeks to formulate a robust CSR Policy which encompasses its philosophy and guides its sustained efforts for undertaking and supporting socially useful programs for the welfare & sustainable development of the society.

### **DEFINITION OF CSR:**

A widely quoted definition by the World Business Council for Sustainable Development states that "Corporate Social Responsibility (CSR) is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large." The documents explain our organization’s policy on its Corporate Social Responsibility duties and expectations.

### **PHILOSOPHY:**

Sagar Manufacturers Private Limited (hereinafter referred as “SMPL”) is committed to its stakeholders – government, investors, shareholders, associates, community, environment, employees and their families – to conduct its business in a responsible manner that creates a sustained positive impact. The policy is expected to serve the following purpose:-

1. To make significant addition for the upliftment of society so that the social community can be amplified.
2. To promote education & empower women.
3. To uphold the values of good citizenship, through our own behavior, and by influencing other organizations to behave in a similar way & make a splendid remark in front of the society.
4. To promote good CSR and citizenship practices among our members, officers, associates and partner organizations; providing training and education where appropriate.
5. To oppose unethical business practices and exert pressure to ensure accountability of businesses, for their behaviors.

6. Build active and long term partnerships with the communities in which we operate to significantly improve social condition of the needy people.

### **SCOPE AND APPLICABILITY:**

This Policy is framed, in accordance with the requirement of Section 135 of the Companies Act 2013 read with Companies (Corporate Social Responsibility) Rules, 2014 including all statutory modifications / amendments made thereof.

Sagar Manufacturers Private Limited (“Company”) is committed to its stakeholders– government, investors, shareholders, associates, community, environment, employees and their families – to conduct its business in a responsible manner that creates a sustained positive impact. The main objective of CSR policy to make CSR a key business process for sustainable development of the society and also to strive for economic development that positively impacts the society at large with a minimal resource footprint.

### **DEFINITION**

The terms defined in this CSR Policy shall have the meanings herein specified and terms not defined shall have the meanings as defined in the Companies Act, 2013 and Companies (Corporate Social Responsibility) Rules, 2014 including any statutory modifications or re-enactments thereof

- i. “Act” means the Companies Act, 2013 including any statutory modification or reenactment thereof.
- ii. “Board” means the Board of Directors of the Company.
- iii. “Board’s Report” shall mean report of the Board of Directors prepared in accordance with section 134(3) of the Companies Act, 2013.
- iv. “Company” means Sagar Manufacturers Private Limited, a Company incorporated under the Companies Act, 1956.
- v. “CSR” means Corporate Social Responsibility.
- vi. “CSR activities” the activities or projects or programmes as recommended by the CSR Committee and approved by the Board, undertaken by the Company from time to time in any one or more of the areas falling under the Schedule VI to the Companies Act, 2013.
- vii. “CSR Committee” means the Committee of the Board constituted under section 135 of the Act for the purpose of administration of CSR activities, supervising the adherence of this CSR Policy and the matter incidental thereto.
- viii. “CSR Policy” means the Corporate Social Responsibility Policy as set out herein and as amended or modified from time to time.
- ix. “CSR Rules” means Companies (Corporate Social Responsibility) Rules, 2014.
- x. “Net profit” means the net profit of the Company as calculated in accordance with Section 198 of Companies Act, 2013.

### **CSR ACTIVITIES:**

(A) The Company shall undertake the activities as recommended by the CSR committee and approved by the Board in accordance with the provisions of Section 135 of the Companies Act, 2013 read with Schedule VII and Companies (CSR Policy) Rules, 2014.

The CSR activities shall cover any of the areas or subject as specified in Schedule VII of the Act. Following are the areas and Subjects as specified under the Act:

1. 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.
2. . Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
3. 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.
4. . 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.
5. . 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.
6. Measures for the benefit of armed forces veterans, war widows and their dependents.
7. Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports.
8. contribution to the prime minister's national relief 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.
9. 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 Organization (DRDO), Department of Biotechnology (DBT)], 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).
10. Rural development projects.
11. 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.
12. Disaster management, including relief, rehabilitation and reconstruction activities.

Provided that

1. Contribution of any amount directly or indirectly to any political party shall not be considered as CSR activity;
  2. CSR activities does not include the activities undertaken in pursuance of normal course of business of a company;
  3. Any surplus arising out of CSR activities shall not form part of the business profit of the Company.
  4. CSR activities/projects/programs that benefit only the employees of the Company and their families shall not be considered as CSR activities.
  5. Expenses incurred by Companies for fulfilment of any Act/Statute of regulations (such as Labour Laws, Land Acquisition Act, etc..) would not count as CSR expenditure under the Companies Act.
- (B) Company shall give preference to the local area or areas around it where it operates, for spending the amount earmarked for CSR activities.
- (C) The Board of a company may decide to undertake its CSR activities approved by the CSR Committee, through
- a. a company established under section 8 of the Act or a registered trust or a registered society, 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 any entity established under an Act of Parliament or a State legislature : Provided that- if, the Board of a company decides to undertake its CSR activities through a company established under section 8 of the Act or a registered trust or a registered society, other than those specified in this sub-rule, such company or trust or society shall have an established track record of three years in undertaking similar programs or projects; and the company has specified the projects or programs to be undertaken, the modalities of utilization of funds of such projects and programs and the monitoring and reporting mechanism”.
  - c. A company may also collaborate with other companies for undertaking projects or programs 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 programs in accordance with these rules.
  - d. Companies may build CSR capacities of their own personnel as well as those of their Implementing agencies through Institutions with established track records of at least three financial years but such expenditure including expenditure on administrative overheads," shall not exceed five percent of total CSR expenditure of the company in one financial year.

**(ii) TERMS OF REFERENCE:**

The terms of reference of the Corporate Social Responsibility Committee shall include the following:

1. Formulate and recommend to the Board, a CSR 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.

2. Review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the company;
3. Monitor the CSR policy of the Company from time to time;
4. Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

### **CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

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

#### **(i) COMPOSITION OF CSR COMMITTEE**

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

To effectively coordinate, communicate and oversee the Group CSR activities, a CSR Committee is being constituted, comprising the following members as are under:

- Mr. Sudhir Kumar Agrawal - Chairman
- Mr. Siddharth Agrawal - Member
- Mrs. Archana Agrawal - Member

#### **(II) RESPONSIBILITIES OF THE COMMITTEE**

The responsibilities of the SMPL Committee include:

- Formulating and recommending to the Board of Directors the CSR Policy and indicating activities to be undertaken.
- Recommending the amount of expenditure for the CSR activities, and
- Monitoring CSR activities from time to time.

#### **(III) MEETINGS OF THE COMMITTEE :**

For smooth functioning of the Committee, the members shall meet as below to discuss such matters and to take such decisions as may be necessary; a. The CSR Committee shall hold a minimum number of two meetings in a year. b. The members of the Committee may mutually agree between them regarding time and place for the said meetings. c. The quorum for the CSR Committee Meeting shall be one-third of its total strength (any fraction contained in that one-third be rounded off as one) or two members, whichever is higher. d. The Members of the Committee may participate in the meeting either in person or through video conferencing or other audio visual means as may be convenient.

#### **MONITORING**

- Appropriate documentation and amendments of the CSR Policy, annual CSR activities, reports on execution by CSR Partner(s) and expenditures will be undertaken on a regular basis and same will be available to the Board of Directors of the Company.

- Initiatives undertaken on the CSR front will be reported in the Annual Report of the Company.
- The CSR Committee and persons /entities authorized by it, will conduct due diligence checks on the current projects/partners on a quarterly basis and report anomalies, if any, immediately.
- Based on analysis of projects, the CSR Committee will carry out roadmap planning for allocation of budget and selection of projects. The same will be done at least once in a financial year.
- CSR Committee Plan and publish an annual calendar of major events so as to strive for maximum participation of stakeholders.

### **CSR EXPENDITURE:**

A specific budget is allocated for CSR activities and spending on CSR activities shall not be less than 2% of the average net profits of the Company made during the three immediately preceding financial years, in pursuance of this policy.

In case Company fails to spend such amount, the Board shall specify the reasons for not spending the amount. Approving authority for the CSR amount to be spent would be the Board of Directors of the Company on the basis of recommendation of CSR Committee.

Any surplus arising out of CSR activities shall not form part of the business profit of the Company.

Subject to provisions of sub-section (5) of section 135 of the Act, the CSR projects or programs or activities undertaken in India only shall amount to CSR Expenditure.

CSR expenditure shall include all expenditure including contribution to corpus, for projects or programs relating to CSR activities approved by the Board on the recommendation of the CSR Committee, but does not include any expenditure on any item not in conformity or not in line with activities which fall within the purview of Schedule VII of the Companies Act 2013.

Tax treatment of CSR spent will be in accordance with the Income Tax Act as may be notified by CBDT

### **CSR SPEND :**

The Companies Act, 2013 prescribes that the companies which meet the criteria specified U/s. Sec. 135 shall allocate certain portion of its annual net profits (calculated as per Sec. 198) during the three immediately preceding financial years to be spent on CSR Activities that fall under the categories specified under Schedule VII of the Act.

### **CSR EXPENDITURE:**

Net profit for the purpose of allocation towards CSR means profit more fully described under Rule 2(f) of the CSR Rules. The CSR expenditure shall include all expenditure including contribution to corpus or on projects or programs relating to CSR activities approved by the



Board of Directors on the recommendation of its CSR Committee but does not include any expenditure on an item not in conformity or not in line with activities stated under Schedule VII of the Act.

#### **FAILURE TO SPEND THE CSR MONEY:**

If the Company fails to spend the required amount in a particular financial year, it is the duty of the Committee to inform the Board of Directors to specifying the reasons for not spending the amount, which in turn shall be reported by the Board of Directors in their Annual Report pertaining to that particular Financial Year.

Surplus, if any, arising out of the CSR projects or programs or activities shall not form part of the business profit of the Company.

#### **INFORMATION DISSEMINATION**

The Company's engagement in this domain will be disseminated on its website, annual reports and its house journals as and when deem fit.

#### **AMENDMENTS TO THE POLICY**

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 Act on the subject as may be issued from relevant statutory authorities, from time to time.

#### **CONTACT**

For queries related to CSR Policy, please write to us at:  
sagarmanufacturersbhopal@gmail.co