

Madhya Bharat Agro Products Limited

Corporate Social Responsibility Policy

Madhya Bharat Agro Products Limited, a public Limited Company incorporated under the Companies Act, 1956 and having its Registered office at 5-O-21, Basement, R. C. Vyas Colony Bhilwara 311001 Rajasthan has formulated and adopted this Corporate Social Responsibility Policy in terms of section 135 of Companies Act 2014 and Companies (Corporate Social Responsibility Policy) Rules, 2014

Section 135 of Companies Act 2013, requires the Company to Constitute a Corporate Social Responsibility Committee of Directors, adopt a Corporate Social Responsibility Policy, spend at least 2% of its average net profits made during the immediately preceding three financial years towards Corporate Social Responsibility activities as set out in the schedule VII to the Companies Act, 2013 and confirm compliance thereof in the Annual report.

Accordingly, on the recommendation of the Corporate Social Responsibility Committee, this policy was prepared and reviewed and approved by the Board of Directors of the Company at its meeting held on 29th September 2014 and deemed to have come into effect from April 1, 2014.

Review Policy: Annually or as recommended by the Corporate Social Responsibility Committee.

CSR Policy:-

At the outset, CSR activities at Madhya Bharat Agro Products Limited is already in existence for the benefit of the society and employees It is recognized that integrating social, environmental and ethical responsibilities into the governance of businesses ensures the long term success, competitiveness and sustainability.

Further, Corporate Social Responsibility makes a business sense as companies with effective CSR, have image of socially responsible companies, achieve sustainable growth in their operations in the long run and their products and services are preferred by the customers.

Objective

The main objective of CSR policy is to make CSR a key business process for sustainable development of the society. Madhya Bharat Agro Products Limited *will act as a good corporate citizen* and aims at supplementing the role of Government in enhancing the welfare measures of the society within the framework of its policy.

This Policy shall be read in line with Section 135 of the Companies Act, 2013, Companies (Corporate Social Responsibility Policy) Rules, 2014 and such other rules, regulations, circulars, and notifications as may be applicable and as amended from time to time and will, inter alias, provide for the following:

Establishing a guideline for compliance with the provisions of Regulations to dedicate a percentage of Company's profits for social projects.

Ensuring the implementation of CSR initiatives in letter and spirit through appropriate producers and reporting.

Creating opportunities for employees to participate in socially responsible initiatives.

Definitions

In this Policy unless the context otherwise requires:

1. Act means Companies Act, 2013;
2. 'Corporate Social Responsibility' means Corporate Social Responsibility (CSR) as defined in section 135 of the Companies Act 2013 and Companies (Corporate Social Responsibility Policy) Rules 2014 ;
3. Ministry means the Ministry of Corporate Affairs;
4. 'Net Profit' means net profit as defined in section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules 2014.

Measures

In the aforesaid backdrop, policy on CSR of Madhya Bharat Agro Products Limited is broadly framed taking into account the following measures:

The CSR activities shall be undertaken by Madhya Bharat Agro Products Limited, as stated in this Policy, as projects or programs or activities (either new or ongoing), excluding activities undertaken in pursuance of its normal course of business.

The CSR activities which are exclusively for the benefit of Madhya Bharat Agro Products Limited employees or their family members shall not be considered as CSR activity.

The following is the list of CSR projects or programs which Madhya Bharat Agro Products Limited plans to undertake pursuant to Schedule VII of the Companies Act, 2013:

1. eradicating hunger, poverty and malnutrition, promoting preventive health care and 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 centers 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, agro forestry, conservation of natural resources and maintaining quality of soil, air and water;
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 arts 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, Paralympics sports and Olympic sports;
8. 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;
9. contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
10. rural development projects;
11. slum area development;
12. Any other measures with the approval of Board of Directors on the recommendation of CSR Committee subject to the provisions of Section 135 of Companies Act, 2013 and rules made there under.

However, out of the aforesaid activities, the company currently plans to support and assist various CSR Activities through Smt. Nirmala Devi Ostwal Seva Sansthan.

Ancillary Activities

To plan and carry out workshops to increase employee awareness on various projects and initiatives and such other activities as directed by the Board of Directors of the Company and/or as deemed appropriate and expedient by the committee for the furtherance of CSR objectives of the Company, in pursuance with the regulations.

The Geographic Area

The Act provides that the Company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility. However, the Committee may identify such areas other than stated above, as it may deem fit, and recommend it to the Board for undertaking CSR activities.

Allocation of Funds

The company would spend at least 2% of the average Net Profits of the Company made during the three immediately preceding financial years. The surplus arising out of the CSR activity will not be part of business profits of the Company. The Corpus would thus include the 2% of average net profits, as aforesaid, any income arising there from and surplus arising out of CSR activities. The Madhya Bharat Agro Products Limited may build CSR capacities of its personnel and/or those of its implementing agencies through institutions with established track records of at least three financial years but such expenditure shall not exceed five percent of total CSR expenditure of the Company in one financial year.

For the purpose of this policy, the first CSR spending financial year would be 2014-15 and the net profit shall mean average of the annual net profits of the financial years 2011-12, 2012-13 and 2013-14.

Mechanism of CSR Committee

Constitution of Corporate Social Responsibility Committee

The Board of Directors of the Company shall constitute/reconstitute a Corporate Social Responsibility Committee of the Board ("CSR Committee") consisting of three or more directors, out of which at least one director shall be an independent director.

The CSR Committee shall -

1. Formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as specified in schedule VII of Companies Act, 2013;
2. Recommend the amount of expenditure to be incurred on the activities; and
3. Monitor the CSR Policy of the company from time to time.

The CSR committee will decide and recommend percentage of total amount to be contributed to the Smt. Nirmala Devi Ostwal Seva Sansthan for undertaking earmarked projects as per schedule VII of Companies Act 2014.

The Board of the company shall after taking into account the recommendations made by the CSR Committee, approve the policy for the company and disclose contents of such Policy in its report and also place it on the company's website and ensure that the activities as are included in the CSR Policy of the company are undertaken by the company.

Madhya Bharat Agro Products Limited provides the vision under the leadership of its Managing Director, Sh. Pankaj Ostwal. At the Company, the Managing Director takes on the role of the mentor, while the onus for the successful and time bound implementation of the CSR activities/projects.

To measure the impact of the work done, a social satisfaction survey / audit is carried out by an external agency/staff.

The external agency/staff includes employees in the Company and/or associated Trusts or Societies like Smt. Nirmala Devi Seva Sansthan.

The external agency/staff should also be provided with adequate facilities as required.

All external agency/staff and volunteers must follow norms of confidentiality, as and when applicable.

Activities, setting measurable targets with timeframes and performance management:

Prior to the commencement of CSR activities/projects, we carry out a baseline study of the nearby area/villages of the Company's factory location as well Registered Office.

The study encompasses various parameters such as – health indicators, literacy levels, sustainable livelihood processes, and population data – below the poverty line and above the poverty line, state of infrastructure, among others.

From the data generated, rolling plans are developed for the holistic and integrated development of the affected people.

All activities/projects of CSR are assessed under the agreed strategy, and are monitored every quarter/year, measured against targets and budgets. Wherever necessary, midcourse corrections are made.

Partnerships

Collaborative partnerships may form with the Government, the District Authorities, the village panchayats, NGOs and other like-minded stakeholders. This helps widen the Company's reach and leverage upon the collective expertise, wisdom and experience that these partnerships bring to the table.

Budgets

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 any one Director or the Managing Director or Chief Financial Officer of the Company after due recommendation of CSR Committee and approval of the Board of Directors of the Company.

The CSR Policy mandates that the surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of a company.

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.

Management Commitment

Our Board of Directors, our Management and all of our employees subscribe to the philosophy of compassionate care. We believe and act on an ethos of generosity and compassion, characterized by a willingness to build a society that works for everyone. This is the cornerstone of our CSR policy.

Update

CSR Committee of Madhya Bharat Agro Products Limited will review the policy from time to time based on the changing needs and aspirations of the target beneficiaries and make suitable modifications as may be necessary.

Compliance with Companies Act, 2013 our Corporate Social Responsibility policy conforms to the Section 135 of the Companies Act, 2013 on Corporate Social Responsibility as spelt out by the Ministry of Corporate Affairs, Government of India.

Dissemination of Information

The CSR Committee shall report to the Board of the Company, at least on an annual basis, the status of the CSR projects/ activities undertaken by the Company along with the report on the impact created by such projects/ activities. The Company shall also upload this policy on its website. Further, a detailed status report on the CSR activities carried out by the company would be disclosed every year as part of the Director's Report in the Annual Report. The said information would also be uploaded on the website of the Company.