

**VIDHI SPECIALTY FOOD INGREDIENTS LIMITED**

(FORMERLY KNOWN AS VIDHI DYESTUFFS MANUFACTURING LIMITED)

CIN: L24110MH1994PLC076156

# Corporate Social Responsibility Policy

# **VIDHI SPECIALTY FOOD INGREDIENTS LIMITED**

**(FORMERLY KNOWN AS VIDHI DYESTUFFS MANUFACTURING LIMITED)**

**(CIN U24230MH1999PTC117983)**

## **CORPORATE SOCIAL RESPONSIBILITY POLICY**

### **INTRODUCTION**

Vidhi Specialty Food Ingredients Limited (Formerly Known As Vidhi Dyestuffs Manufacturing Limited) (“VIDHI”) was incorporated on January 19, 1994, with the main object of manufacturing food colors. VIDHI is presently distributing its product all over India & other parts of world, the said activities are controlled from Mumbai.

We, at VIDHI believe in 4 core essentials of Corporate Social Responsibilities – sustainability of environment, ethical functioning, Charitable Support and care for stakeholders. We focus on reducing our Environmental Footprint by ensuring that the resources are optimally utilised and waste is re-used or properly treated before disposal. Sponsorships and donations are an integral element of VIDHI’S communication strategy and are a form of expressing our social responsibility. The underlying budgets are reviewed and adjusted regularly. We focus on science, school education, charity, health, social welfare, culture, community and youth. We are committed to provide customers with products and services meeting all specifications and fulfilling customer needs and expectations. Our governance systems are underpinned by Ethics, Transparency and Accountability and non indulgence in any unfair practices. VIDHI also provides a workplace to its employees that are safe, hygienic and humane with access to training and development of skills. VIDHI believes in being responsive towards all stakeholders, including shareholders, employees, customers, suppliers, project affected people, society at large etc. and create value for all of them.

To streamline the assessment & screening procedure, bring clarity for executing CSR initiatives, to increase the level of involvement through dedicated work force for Corporate Social Responsibility (‘CSR’) activities in all levels of operation and complying the directives of Companies Act, 2013, Rules made there under and clarifications issued, VIDHI desires to formulate a comprehensive Corporate Social Responsibility policy (‘CSR Policy’).

The CSR Policy will provide an institutional framework to establish an efficient and effective platform to perform CSR activities. It will ascertain roles & responsibility, budget provision, disclosures, etc.

This CSR Policy shall apply to all CSR initiatives and activities taken up by VIDHI for the benefit of different segments of the society, specifically the deprived, under privileged and differently-abled persons.

***I. OBJECTIVE:***

The main objectives of VIDHI'S CSR Policy are

- To actively engage in the development of the CSR projects at an early stage.
- To prioritize educational (eg. Science in school), charity (including health and/or social welfare) or local-cultural or community programs.
- To lay guidelines to make CSR a key business process for sustainable development of the society.
- To directly or indirectly take up programs that benefit the communities and result, over a period of time, in enhancing the quality of life & economic wellbeing of the local populace.
- To ensure an increased commitment at all levels in the organization, to operate its business in an economically, socially & environmentally sustainable manner, while recognizing the interests of all its stakeholders.
- To generate, through its initiatives, a community goodwill for VIDHI, and help reinforce a positive & socially responsible image of VIDHI as a corporate entity.

***II. REGULATORY FRAMEWORK - THE COMPANIES ACT, 2013***

Sections 134 & 135 of the Companies Act, 2013 create an obligation for VIDHI to constitute a Corporate Social Responsibility Committee ('**CSR Committee**') of the Board and to develop and implement its own CSR Policy. Provision of CSR under the Companies Act 2013 is as follows:

- (1) As per **Section 134 of the Companies Act 2013**, in Financial Statement, Board's report, etc., the following provision needs to be considered:

**The Report by its Board of Directors** shall include the details about the policy developed and implemented by the company on corporate social responsibility initiatives taken during the year;

- (2) As per **Section 135 of the Companies Act 2013**, the following provisions need to be considered:

### **135. Corporate Social Responsibility**

- 1) Every company having **net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more** during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more Directors, out of which at least one Director shall be an Independent Director.
- 2) The Board's report under sub-section (3) of Section 134 shall disclose the composition of the Corporate Social Responsibility Committee.
- 3) The Corporate Social Responsibility Committee shall,—
  - (a) **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;
  - (b) **Recommend the amount of expenditure** to be incurred on the activities referred to in clause (a); and
  - (c) **Monitor the Corporate Social Responsibility Policy** of the company from time to time.

- 4) The Board of every company referred to in sub-section (1) shall, –
- (a) after taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy for the Company and disclose contents of such Policy in its report and also place it on the Company's website, if any, in such manner as may be prescribed; and
  - (b) ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the Company.
- 5) The Board of every company referred to in sub-section (1), shall ensure that the **company 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**, in pursuance of its Corporate Social Responsibility Policy:

**Provided** 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 activities:

**Provided** further that if the company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134, specify the reasons for not spending the amount

**Explanation –** For the purposes of this section “average net profit” shall be calculated in accordance with the provisions of section 198.

- (3) The Ministry of Corporate Affairs, has, *vide* its notification dated February 27, 2014 made the provisions of Section 135 of the Companies Act, 2013 and Schedule VII of the said Act relating to Corporate Social Responsibility which is applicable to VIDHI with effect from 1<sup>st</sup> April 2014. The Companies (Corporate Social Responsibility Policy) Rules, 2014 (“**CSR Rules**”) are notified on 27<sup>th</sup> February, 2014 and are effective from 1<sup>st</sup> April 2014.

Activities under Schedule VII of the Companies Act, 2013, which may be included by Companies in their Corporate Social Responsibility Policies, are activities relating to:

- i. 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;
- ii. Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- iii. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such others facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- iv. 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;
- v. Protection of nation heritage, art and culture including restoration of building and sites if historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
- vi. Measures for the benefit of armed forces veterans, war widows and their dependents;
- vii. Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;

- viii. Contribution to the Prime Minister's National Relief Fund or any other fund set up by Central Government for socio-economic development and relief and welfare of the Scheduled Caste, Scheduled Tribes, other backward classes, minorities and women;
- ix. Contribution or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- x. Rural development projects.
- xi. 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.

**(4) General Instructions for Preparation of Statement of Profit And Loss as per the Companies Act 2013\_ Additional Information.**

- a) A Company shall disclose by way of notes additional information regarding aggregate expenditure and income on the following items: –

In case of Companies covered under section 135, amount of expenditure incurred on corporate social responsibility activities;

**(5) VIDHI is coming under the purview of Section 135 (1) as the Company is a Listed Entity.**

**(6) Provisions regarding constitution of a CSR Committee and its terms of reference are contained in Section 135 of the Act, in particular, sub-sections (1) and (3) respectively of the said Section and Rule 5 of the CSR Rules. A Company meeting the criterion of net worth or turnover or net profit stated in sub-section (1) of Section 135 of the Companies Act, 2013 (as cited at Paragraph II (2) of the CSR Policy) shall constitute a CSR Committee of the Board consisting of three or more Directors, out of which at least one Director shall be an Independent Director.**

### **CSR COMMITTEE - Composition**

\*CSR Committee shall consist of three directors out of which one shall be independent Director at any given point of time. The quorum for the meeting shall be 2 Members personally present or present through Video Conferencing.

### **III. CSR ACTIVITIES (Funding & Allocation)**

1. The list of CSR projects or programs which VIDHI plans to undertake will fall within the purview of Schedule VII of the Act and other specific projects or programs as permissible under the law from time to time. The project or programs which VIDHI may undertake will be monitored as per the Annexure to the CSR Policy.
2. For achieving its CSR objectives through implementation of meaningful and sustainable CSR programs, VIDHI shall allocate at least 2% of the average net profits of VIDHI made during the three immediately preceding financial years (calculated under section 198 of the Companies Act, 2013), as its Annual CSR Budget.
3. Any unspent/unutilized CSR allocation of a particular year will be carried forward to the following year i.e. the CSR Budget will be non-lapsable in nature.

### **IV. EXCLUSION FROM CSR**

The following activity shall not form part of the CSR activities of VIDHI:-

- The activities undertaken in pursuance of normal course of business of VIDHI.
- CSR projects/programs or activities that benefit only the employees of VIDHI and their families.
- Any contribution directly/indirectly to political party or any funds directed to political parties or political causes.
- Any CSR projects/programs or activities undertaken outside India.



**In consonance with the global policy for Non-commercial Sponsoring and Philanthropic Donations of VIDHI the following exclusions are considered:**

- Fund political parties or election campaigns of person or political parties.
- Sponsorship of religious organizations.
- Sponsorships of humanitarian or social projects driven solely by individuals.

**V. BUDGET PROVISION**

CSR Committee shall meet in the beginning of each year and review, recommend the allocation of funds for CSR activities/programs in terms of the provisions of the Companies Act, 2013 (including its amendments from time to time) for approval of the Board of Directors.

The allocation of funds as decided by the CSR Committee will be based on the evaluation of specific project or activities.

The CSR Budget, as recommended by the CSR Committee, shall be approved by the Board of Directors.

**VI. IMPLEMENTATION:**

1. The CSR activities shall be undertaken by VIDHI as per the CSR Policy by way of projects or programs or activities (either new or ongoing) in India, excluding the activities undertaken in pursuance of the normal course of business. VIDHI shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for CSR activities.
2. The Board of Directors may decide to undertake CSR activities approved by the CSR Committee, through a registered trust or a registered society or a Company established by the Company or Subsidiary or Associate Company under section 8 of the Companies Act, 2013 or otherwise and subject to conditions as specified in the CSR Rules.

3. VIDHI may also collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the CSR Committee of respective companies are in a position to report separately on such projects or programs in accordance with the CSR Rules.
4. **Area of CSR activities:** CSR activities will be carried out in all over India with focus on activities mainly in Mumbai.

#### **VII. POWERS FOR APPROVAL**

The CSR Committee shall be responsible for monitoring the CSR Policy from time and time and shall submit periodical reports to the Board of Directors.

#### **VIII. MONITORING, FEEDBACK AND DISCLOSURE**

1. To ensure effective implementation of the CSR programs undertaken, a monitoring mechanism will be put in place by VIDHI.
2. The CSR Committee will conduct impact studies on a periodic basis, to be conducted by a peer body, especially on the strategic and high value programs.
3. Such Impact Studies will obtain feedback from beneficiaries about the programs on which the funds of VIDHI have been spent.
4. CSR Committee may inspect CSR activities/asset/initiatives with approval of the Board of Directors.
5. Appropriate documentation of the VIDHI CSR Policy, annual CSR activities, executing partners, and expenditure entailed will be undertaken on a regular basis and the same will be available in the public domain.
6. CSR initiatives of VIDHI will also be reported in the Annual Report of VIDHI in the format provided under the CSR Rules.

7. VIDHI'S website will have a head of 'VIDHI CSR initiatives' and 'VIDHI CSR Policy' along with narrative and illustrative information of existing and ongoing projects which will be shared accordingly.

***IX. GENERAL***

1. In case of any doubt with regard to any provision of the CSR Policy and, also in respect of matters not covered herein, a reference to be made to the Board of Directors. In all such matters, the interpretation & decision of the Board of Directors shall be final.
2. Any or all the provisions of the CSR Policy would be subject to revision / amendment in accordance with the guidelines on the subject as may be issued by Government, from time to time.
3. The conditions or terms of the CSR Policy can be modified, canceled, added or amended in writing with the approval of Board of Directors. However, in the event of any conflict between the contents of the CSR Policy and the Companies Act, 2013 and the CSR Rules, the provisions of the Companies Act, 2013 and the CSR Rules will be made applicable to the matter. Further, the CSR Policy shall stand amended in accordance with the amendments in the Companies Act, 2013 and the CSR Rules from time to time.

## Annexure

S. No.	Area	Activities / Initiatives / Programs	Implementat ion Modality	Implementation Schedule			
				Q1 <sup>1</sup>	Q2	Q3	Q4
1 a.	Eradicating hunger, poverty and malnutrition						
1 b.	Promoting health care including preventive healthcare and sanitation (including contribution to the Swach Bharat Kosh)						
1 c.	Providing 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	Women Empowerment and Facilities for Senior Citizens /Women/Orphans						
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 (including contribution to the Clean Ganga Fund)						
5	Promotion and protection of National Heritage art & culture						

<sup>1</sup> The implementation schedule can be quarter-wise.

S. No.	Area	Activities / Initiatives / Programs	Implementat ion Modality	Implementation Schedule
6	Measures for the benefit of armed forces veterans, war widows and their dependents			
7	Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports			
8	Contribution to Prime Minister's National Relief Fund			
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			