

# **Corporate Social Responsibility Policy**

**(Revised on June 10, 2021)**

**VIDHI SPECIALTY FOOD INGREDIENTS LIMITED**  
**(CIN L24110MH1994PLC076156)**

**CORPORATE SOCIAL RESPONSIBILITY POLICY**

**INTRODUCTION**

Vidhi Specialty Food Ingredients Limited (“VIDHI”) was incorporated on January 19, 1994, with the main object of manufacturing and trading in 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 has adopted a comprehensive Corporate Social Responsibility policy (‘CSR Policy’). As the provisions related to CSR mentioned in the Companies Act, 2013 were amended, the CSR Policy needs to be amended accordingly. Hence, the Board of Directors in its meeting held on June 10, 2021 has, based on the recommendation of the CSR Committee, approved amendment in CSR Policy.

The CSR Policy provides an institutional framework to establish an efficient and effective platform to perform CSR activities. It ascertains 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 (e.g. 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 good corporate entity.

## **II. DEFINITIONS:**

Following are the definition of important terms used in the CSR Policy, as defined under Rule 2(1) of CSR Rules -

- 1) **Board** means the Board of Directors of the Company.
- 2) **CSR Activities** means such programs and projects as may be approved or activities undertaken by a Company in pursuance of its statutory obligation laid down in Section 135 of the Act, CSR Rules and in terms of this CSR Policy;
- 3) **CSR Committee** means the Corporate Social Responsibility Committee of the Board as constituted in terms of section 135 of the Act and Rules made thereunder;
- 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) **"CSR Expenditure"** means the amount recommended by the CSR Committee to be incurred on the CSR Activities in terms of the Act, the CSR Rules and this Policy, as approved by the Board from time to time.
- 6) **Net profit** means the net profit of a Company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely: -
  - 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.

### **III. AREAS IN WHICH CSR ACTIVITIES TO BE CARRIED OUT**

The CSR Activities to be carried out by the Company shall be carried out in the area specified in Schedule VII of the Companies Act, 2013, presently which are as below, 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:

- i. 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;
- ii. promoting education, including special education and employment enhancing vocation 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 other 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 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. 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. training to promote rural sports, nationally recognised sports, paralympic sports and olympic sports;
- viii. 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 govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;

- ix.
- (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 Defense 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.

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.]

- xii. disaster management, including relief, rehabilitation and reconstruction activities.

#### ***IV. CSR COMMITTEE - Composition***

1. As per the provisions of Section 135(9), where the amount to be spent by the Company as CSR obligation, does not exceed Rs. 50 Lakhs, the requirement for constitution of CSR Committee shall not be applicable to the Company.
2. The 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. The number of members of the CSR Committee and their powers and functions can be specified, varied, altered or modified from time to time by the Board, subject to the provisions of the applicable law.
3. No member of the CSR Committee shall be personally liable for any decision or action taken in good faith with respect to the CSR Policy.
4. Without prejudice to the generality of the foregoing, the CSR Committee shall be responsible for the following activities:
  - i. Formulating and recommending CSR activities to the Board of Directors;
  - ii. Recommend amount of expenditure;

- iii. Monitor CSR policy of the Company and its implementation; and
- iv. Formulate and recommend to the Board annual action plan in pursuance of its CSR policy with respect to CSR Activities that may be undertaken by the Company and amount to be spent of CSR Activities in accordance with the CSR Policy as well as the Act and the CSR Rules, which shall include the following, namely:
  - a. the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
  - b. the manner of execution of such projects or programmes as specified in sub-rule (1) of Rule 4;
  - 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:

Provided that 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.

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

- 1. The Company shall spend at least 2% (two percent) of average Net Profits of the Company made during the three immediately preceding financial years in accordance with the Act, the Rules and Company's CSR Policy.
- 2. The Board, along with the CSR Committee, shall be responsible for taking steps to ensure that the amount for the CSR Expenditure is available for application towards the CSR Activities.
- 3. Any surplus arising out of the CSR Activities shall not form part of the business profit of the Company and may only be re-allocated to the CSR Activities being undertaken in terms of this CSR Policy and the annual action plan for the financial year in which such surplus has arisen.
- 4. In order to be eligible as CSR Expenditure, CSR Activities must be undertaken in compliance with the applicable laws and shall not include expenditure on those activities or heads, as specifically excluded as CSR expenses in terms of the Act and Rules.
- 5. The Board shall ensure that the administrative overheads shall not exceed 5% of total CSR expenditure of the Company for the financial year.
- 6. The CSR Activities will be carried out in a manner that the preference is to undertake the CSR Activities in and around the local areas where the Company operates.

## **VI. 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.
- Activities supported by VIDHI on sponsorship basis for deriving marketing benefits for its products.
- activities carried out for fulfilment of any other statutory obligations under any law in force in India.

## **VII. BUDGET PROVISION**

1. 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.
2. The allocation of funds as decided by the CSR Committee will be based on the evaluation of specific project or activities.
3. The CSR Budget and activities/projects/programme, as recommended by the CSR Committee, shall be approved by the Board of Directors.
4. The following details of any CSR Activities to be undertaken by the Company shall be presented to the Board by the CSR Committee along with its recommendations:
  - (i) The list of CSR projects or programmes to be undertaken in areas or subjects specified in Schedule VII of the Act;
  - (ii) The objectives and expected results of the CSR Activity;
  - (iii) The relevant sector and the nature of the CSR Activity;
  - (iv) The focus area/ location for implementation of the CSR Activity;
  - (v) The modalities of utilisation of funds and amount to be allocated towards the CSR Activity;
  - (vi) The implementation schedules for the projects or programmes with indicative timelines for completion of the CSR Activity;
  - (vii) The manner of execution - whether the CSR Activity should be undertaken by the Company or any Implementing Agency or in collaboration with any other Company;
  - (viii) Monitoring and reporting mechanism;
  - (ix) details of need and impact assessment, if any, for the projects undertaken by the Company; and
  - (x) Such other details as it may deem necessary.

**Excess CSR spends:** If in any financial year the Company spends on CSR activities in excess of the obligated 2% of average net profits, the Board may decide to set-off the same in the immediately succeeding three financial years, subject to conditions prescribed under the Act and the Rules.

#### ***VIII. 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, as recommended 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.

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.

However, the Board and CSR Committee shall ensure that above entities are permitted and eligible to carry out CSR Activities under the Act and Rules made thereunder (“Implementation Agency”) and having unique CSR Registration Number.

3. The CSR Committee shall conduct due diligence prior to selection of an entity as its implementation agency to ensure that the proposed implementation agency is eligible and capable to be appointed as such and can implement CSR Activities.
4. In case any of the CSR Activities to be undertaken are anticipated to be long term i.e. an ongoing project being of a term of 3 (three) years excluding the financial year in which it was commenced, then a detailed estimate on implementation schedule or milestones should be submitted by the CSR Committee to the Board.
5. The Board shall be responsible for implementation of the CSR Policy and shall ensure that the CSR Activities are carried out in accordance with the CSR Policy read with the Act, CSR Rules and the annual action plan of the Company for CSR.
6. The Company may engage international organizations for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy as well as for capacity building of their own personnel for CSR.
7. The Board shall empower the CSR Committee or person authorized by it to finalize, approve and execute various agreements, deeds, writings, confirmations, undertakings or other documents, as may be necessary, with any party including Implementing Agencies for the purposes of the executing CSR Activities and accept modifications, changes and amendments



to any such documents/ agreements as it may deem fit.

8. In case of failure to ensure the minimum CSR Expenditure i.e. 2% (two percent) of average Net Profits of the Company made during the three immediately preceding financial years, unless it is for any ongoing project, detailed reasons for the same should be submitted by the CSR Committee and the Board and such explanation shall be included in the Annual Report on CSR or Board's Report.
9. CSR activities will be carried out in all over India with focus on activities mainly in Maharashtra State.

#### ***IX. IMPACT ASSESSMENT***

Any time an average CSR obligation exceeds ten crore rupees or more in the three immediately preceding financial years, the Company shall undertake impact assessment, through an independent agency, of CSR projects having outlays of one crore rupee or more, and which have been completed not less than one year before undertaking the impact study.

#### **Need for Impact Assessment:**

Social Research plays a vital role in offering the required tools and methodologies to efficiently and effectively implement CSR programs. Social research ensures the best utilization of efforts and capital besides keeping CSR effort on the right track. "Interventions without Impact Assessment are performance without knowing results." Impact assessment is to be done after needs are assessed and funds and resources are invested to keep track and to ensure progress.

Hence, Impact Assessment helps in understanding:

- Whether the programs were designed in line with the needs of the community and organization's mission/vision.
- Whether the goals and objectives decided at the beginning of the programs were achieved.
- Whether the right mechanism was adopted for implementing the interventions.
- Whether there are any unexpected changes or negative effects in the lives of the target community.

Thus, Impact Assessment can play an important role in evaluating the alignment of goals, project planning and implementation ensuring maximum Social Return.

The Company undertaking impact assessment may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed five percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is less.

#### ***X. 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.
3. Such Impact Studies will obtain feedback from beneficiaries about the programs on which

the funds of VIDHI have been spent.

4. In the event any of the CSR Activities are undertaken through an Implementing Agency, the CSR Committee should obtain relevant information from the Implementing Agency and ensure that the progress on such CSR Activity is submitted to the Board on a periodic basis in such manner as the Board may direct.
5. CSR Committee may visit site, inspect CSR activities/asset/initiatives with approval of the Board of Directors.
6. 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, if mandated by law.
7. CSR initiatives of VIDHI will also be reported in the Annual Report of VIDHI in the format provided under the Act read with the CSR Rules.
8. Notwithstanding anything to the contrary, the Board shall not be obliged to comply with the recommendations of the CSR Committee.

#### **XI. 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

Sr. No.	Area	Activities / Initiatives / Programs	Implementation Modality	Implementation Schedule			
				Q1	Q2	Q3	Q4
1 a.	Eradicating hunger, poverty and malnutrition.						
1 b.	Promoting health care including preventive healthcare 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.						

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

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.			

S. No.	Area	Activities / Initiatives / Programs	Implementation Modality	Implementation Schedule
6	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.			
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 Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES 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 (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.			
9 (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 Defense 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).			
10	Rural development projects.			
11	Slum area development			
12	disaster management, including relief, rehabilitation and reconstruction activities.			