

**VAYHAN COFFEE LIMITED**

**CIN: U15492AP2005PLC048531**

**Address:** Sy. No. 141 & 142, Garlamadugu Village, Pedavegi Mandal,  
Andhra Pradesh 534450, India

***CORPORATE SOCIAL RESPONSIBILITY POLICY***

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Authorized by	CSR COMMITTEE
Approved by	Board of Directors
Effective Date	30 <sup>th</sup> September, 2021
<b>CSR COMMITTEE</b>	
D Rama Raju – Chairman	
R Sreeniwasa Rao – Member	
A Jayaram Sharma - Member	
U Papa Rao – Member	

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## **A. BACKGROUND:**

Corporate Social Responsibility (CSR) implies a concept, whereby companies decide to contribute to a better society and a cleaner environment – a concept, whereby the companies integrate social and other useful concerns in their business operations for the betterment of their stakeholders and society in general.

### **◆ CSR Policy:**

CSR Policy means a statement containing

1. The approach and direction given by the Board of a company, taking into account the recommendations of the CSR committee.
2. And includes guiding principles for selection, implementation and monitoring of activities.
3. As well as formulation of the Annual Action Plan.

Every Corporate Social Responsibility Committee shall formulate and recommend the Corporate Social Responsibility Policy to the Board for their approval. The Corporate Social Responsibility policy must contain the activities as specified in Schedule VII of the Companies Act, 2013 on which the amount is spend as Corporate Social Responsibility.

### **◆ Applicability of the CSR:**

1. Every Company having
  - a. Net worth of Rs. 500 crore or more, or
  - b. Turnover of Rs. 100 crore or more, or
  - c. Net profit of Rs. 5 crore or more during the immediately preceding financial year shall constitute Corporate Social Responsibility Committee Meeting.
2. Every Company including its holding or subsidiary, and a foreign company defined under clause (42) of section 2 of the Act having its branch office or project office in India which fulfills the criteria shall also comply with the provisions of Section 135 of the Act.
3. However, if any company ceases to meet the criteria for 3 consecutive financial years then it is not required to comply with CSR provisions till such time it meets specific criteria.

### **◆ Constitution of Committee:**

As per Companies (Amendment) Act, 2020, every company to which CSR criteria is applicable and having CSR spent more than Rs. 50 lakh p.a. shall require to constitute a CSR committee of the Board.

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. A private company having only two directors on its Board shall constitute its CSR Committee with two such directors. A company is not required to appoint an independent director pursuant to sub-section (4) of section 149 of the Act, shall have its CSR Committee without such director.

**In case of a foreign Company**, the Corporate Social Responsibility Committee shall comprise of two persons of which one person shall be the person resident in India authorised to accept notices and any document on behalf of the Company and the other person shall be nominated by foreign company.

It is the duty of the Corporate Social Responsibility Committee to monitor Corporate Social Responsibility Policy of the Company from time to time.

## **B. INTRODUCTION:**

In conformity with the requirements laid down under The Companies (Corporate Social Responsibility Policy) Rules, 2014 (hereinafter referred to as the “CSR Rules”) issued by the Ministry of Corporate Affairs (“MCA”), Government of India under Section 135 of the Companies Act, 2013 (“the Act”) the CSR Committee of the Board had drafted a CSR Policy, which was approved by the Board of Directors at their meeting held on 18<sup>th</sup> March, 2015 and the amended policy has been approved by the Board of Directors at their meeting held on 30<sup>th</sup> September, 2021.

This CSR Policy shall operate as the Corporate Social Responsibility Policy of the Company for the purposes of Section 135 of the Companies Act, 2013 and the rules made there under including the Companies (Corporate Social Responsibility Policy) Rules 2014 (“CSR Rules”) as amended from time to time.

The Policy can be downloaded from the website of the Company at <https://www.vayhan.in/>.

## **C. PREAMBLE:**

M/s. Vayhan Coffee Limited (hereinafter referred to as “**the Company**”), recognizes the impact it has on communities in which it operates and believes that it has a tremendous opportunity to change the lives of these communities and aims to be a trusted partner contributing to the social, economic and environmental progress of India. Along with sustainable economic performance, environmental and social stewardship is also a key factor for holistic business growth. As a responsible corporate citizen, we try to contribute for social and economic development on regular basis. We believe that to succeed, an organization must maintain highest standards of corporate behaviour towards its employees, consumers and societies in which it operates. We are of opinion that CSR underlines the objective of bringing about a difference and adding value in our stakeholder’s lives.

As part of its dedicated approach to create economic opportunity in the communities in which it operates, the Company is contributing its time, expertise and resources to help communities and undertaking a series of initiatives that are locally relevant.

## **D. VISION AND POLICY STATEMENT:**

The Company’s CSR Policy aims to address environmental sustainability, economic empowerment and social development through an integrated, holistic and need-based approach:

- a. Through sustainable measures, to actively contribute to the social, economic and environmental development of the community in which the Company operates ensuring participation from the community
- b. To be instrumental in the social and economic development of the communities through our services, conduct & initiatives, so as to promote sustained growth for the society and community, in fulfilment of our role as a Socially Responsible Corporate, and thereby create value for the nation.

## **E. CSR OBJECTIVES:**

As a responsible corporate citizen, the Company is committed to sustainable development and inclusive growth and is focusing on issues relating to water, environment, healthy living, education, social advancement and promoting gender equality and empowerment of women. In terms of the CSR rules issued by the MCA the Company will be focusing on undertaking the project /programs /activities as specified in Schedule VII to the Act including but not limited to the item specified below excluding activities undertaken in pursuance of normal course of business of a Company:

- i. Eradicating hunger, poverty and mal-nutrition, promoting preventive health care and sanitation including contribution to the “*Swachh Bharat Kosh*” set-up by the Central Government for 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 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 centers 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, and 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” setup 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 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 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 Schedule Tribes, other backward classes, minorities and women;
- ix. Contributions 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.”

## **F. CSR PROJECTS AND FOCUS AREAS:**

At the beginning of each financial year, the CSR Committee of the Board will prepare a list of CSR Projects/ Activities /Programmes which the Company proposes to undertake during the financial year, specifying the modalities of execution in the areas/sectors chosen with implementation schedules for approval of the Board. The Company may take up other activities/Projects/Programs as it may consider appropriate.

## **G. CSR IMPLEMENTATION:**

The Board shall ensure that the CSR activities are undertaken by the company itself or through –

- i. a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company, or
- ii. 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
- iii. any entity established under an Act of Parliament or a State legislature; or
- iv. a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.
- v. A company may engage **international organizations** for designing, monitoring and evaluation of the CSR projects or programs as per its CSR policy as well as for capacity building of their own personnel for CSR.
- vi. 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.
- vii. The Board of a company shall satisfy itself that the funds so disbursed have been utilized for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.
- viii. In case of **ongoing project**, the Board of a Company shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.

## **H. FINANCIAL OUTLAY AND IMPLEMENTATION FOR CSR ACTIVITIES:**

### **a. Amount to be spent for CSR:**

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.**

The board shall ensure that the **administrative overheads shall not exceed five percent** of total CSR expenditure of the company for the financial year.

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.

Where a company spends an amount in **excess** of requirement, such excess amount may be set off against the requirement to spend up to immediate succeeding three financial years.

### **b. Financial Outlay and Implementation:**

Every year, the Company shall with the approval of its Board make a budgetary allocation for CSR activities/ projects for the year. The budgetary allocation will be based on the profitability of the Company and the requirements of applicable laws.

The Company expects to spend the budgeted amount allocated for CSR activities/ projects planned for each financial year, within that year. If for any reason, the budget of a year remains unutilised, the same would not lapse and would be carried forward to the next year for expenditure on CSR activities, which were planned for implementation in the previous year, but could not be completed due to some reason.

The CSR Committee and the Board of Directors will disclose the reasons for not being able to spend the entire budgeted amount on the CSR activities as planned for that year.

The amount allocated for emergency needs but not utilised in the year of its allocation may be carried forward to the next year for utilization for CSR activities.

Any surplus arising out of the CSR activities, projects or programs shall not form part of the business profits of the Company.

The CSR Activities would be chosen for implementation by the Company in compliance with the provisions of Section 135 read together with Schedule VII of the Companies Act, 2013.

**c. Transfer of unspent CSR amount:**

Until a fund is specified in Schedule VII for the purposes of subsection (5) and (6) of section 135 of the Act, the unspent CSR amount, if any, shall be transferred by the company to any fund included in schedule VII of the Act.

**I. CONSTITUTION OF CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:**

As per Companies (Amendment) Act, 2020, every company to which CSR criteria is applicable and having CSR spent more than Rs. 50 lakh p.a. shall required to constitute a CSR committee of the Board. 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.

The Committee has been established by Resolution of the Board of directors of the Company dated 26<sup>th</sup> December, 2014.

It is the duty of the Corporate Social Responsibility Committee to monitor Corporate Social Responsibility Policy of the Company from time to time.

**J. GOVERNANCE:**

**a. Duties of CSR Committee:**

As per amendment dated 22/01/2021, CSR committee shall formulate and recommend to the Board an Annual Action Plan in pursuance of its CSR Policy, which shall include the following namely;

- i. List of CSR Projects or Programmes
- ii. Areas where CSR projects to be implemented
- iii. Manner of execution
- iv. Financial Outlay
- v. Modalities of utilization of funds and implementation schedule for the projects
- vi. Monitoring and reporting mechanism for the projects

- vii. Details of need and impact Assessment.

Provided that Board may after such Annual Action Plan at any time during the Financial Year, as per the recommendation of its CSR committee, based on the reasonable justification to that effect.

**b. Monitoring:**

- i. The planned outcomes will be regularly monitored by the in-house team, supported by experts, through a combination of onsite visits, local stakeholder discussions for feedback and suitable reporting documentation.
- ii. The committee will meet as per the requirement to review progress. This can be a physical meeting or through a combination of video conferencing.
- iii. The minutes of the meetings shall be regularly shared with the Board of Directors.
- iv. The monitoring of progress in implementation will be undertaken by the CSR Committee and Board of Directors.

The CSR Committee of the Board has devised a “transparent monitoring mechanism” for various CSR Projects / Programs / Activities undertaken by the Company including conduct of impact studies of CSR Projects / Programs on a periodic basis, through independent third party agencies as and when necessary. Simultaneously, it also obtains feedback from various beneficiaries of CSR Projects /Activities / Programs undertaken by the Company to measure their benefits.

**C. Role of the Board:**

- i. Approve CSR Policy of the company and ensure that CSR activities undertaken by the company as per policy
- ii. Ensure that the company spends minimum 2% of the net average net profit made during the 3 immediately preceding year.
- iii. Ensure that the Board report cover disclosure
- iv. Ensure that CSR activities are undertaken either by the company itself or through other entity and form CSR-1 is filled with ROC.
- v. Monitor implementation of CSR projects or modify such projects, if required
- vi. Ensure that the funds have been utilized for the purpose and manner approved by the board

**d. Impact Assessment of CSR Projects:**

- i. The Company shall undertake impact assessment of its CSR projects, if applicable as per the provisions of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, as may be amended from time to time.
- ii. The impact assessment reports shall be placed before the Board and shall be annexed to the Annual Report on CSR.
- iii. The Company undertaking impact assessment may book the expenditure towards Corporate Social Responsibility for that financial year, which shall be as per the provisions of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, as may be amended from time to time.



**K. REPORTING & COMMUNICATIONS:**

**a. Disclosure in Board Report:**

The Board will approve the Corporate Social Responsibility Policy of the company and disclose the Policy on the website, if any and disclose the contents of the Policy in the Board Report of the Directors.

If the Company fails to spend the amount on the activities of Corporate Social Responsibility, the Company shall disclose the reasons of not spending in the Board Report of that Financial Year.

**b. Display of CSR activities on its website:**

The Board of Directors of the Company shall mandatorily disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on their website [www.vayhan.in](http://www.vayhan.in).

**L. GENERAL:**

**A. Interpretation**

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, as may be amended from time to time shall have the meaning respectively assigned to them therein.

**b. Review and Amendments to the Policy:**

- i. The CSR Committee shall review the CSR Policy from time to time based on the changing needs and make suitable modifications as may be necessary with the approval of the Board.
- ii. The Board of Directors, either on its own or as per the recommendations of CSR Committee, can amend this Policy, as and when required. The decision of the Board of Directors on all matters, relating to this Policy, shall be final and binding upon all concerned. This Policy is subject to continuous review and updates as required from time to time.
- iii. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

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