

# CORPORATE SOCIAL RESPONSIBILITY POLICY

**V-GUARD INDUSTRIES LIMITED**

**CIN: L31200KL1996PLC010010**

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## 1. INTRODUCTION

V-Guard Industries Ltd. ('the Company') has been a socially responsible Company since its inception and has been contributing towards CSR activities for the benefit of socioeconomically backward people surrounding the places where its operations are extended. Over the years, the Company has undertaken various social and charitable activities directly and through NGOs and its notable initiatives include providing the best infrastructure and other encouragements given to the Government School, Vennala which locates near to the Registered Office.

With the advent of the Companies Act, 2013, the Constitution of Corporate Social Responsibility Committee of Board and formulation of Corporate Social Responsibility Policy became a mandatory requirement. Accordingly, the Company had developed its Corporate Social Responsibility ("CSR") Policy in line with Section 135 and Schedule VII of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time.

## 2. OBJECTIVE

The long-term CSR objective of V-Guard Industries Ltd. is to improve the quality of life of the communities which the Company serves nationally through long term value creation for all stakeholders.

CSR plays a crucial role in the Company's mission of making a positive impact in the society. The Company's CSR activities are carried under three broad program heads, i.e., Edu-care and Skill Development Programs, Health Care Programs, Build India & Relief. While focusing on those three key program heads, the Company is committed to drive sustainable socioeconomical growth with the objective of promoting social welfare for the socioeconomically backward people living around the areas where the Company has extended its operations.

The Objective of the Policy is to set high standards of quality in the delivery of services in the social sector by creating robust processes and replicable models.

## 3. DEFINITIONS

Unless the context otherwise requires, the words, terms, expressions and derivations used in this Policy shall have the same meaning given in the Companies Act, 2013 and/ or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

- a. **'Act'** shall mean the Companies Act 2013 and the rules made thereunder, including any modifications, amendments or re-enactment thereof.
- b. **'Annual Action Plan'** shall mean the annual plan detailing the CSR projects/ activities, budget and expenditure allocated for each project/ activity for the year etc.
- c. **'Board' or 'Board of Directors'** shall mean the Board of Directors of the Company.
- d. **'Company'** shall mean V-Guard Industries Limited and wherever the context requires, shall signify the Company acting through its Board.



- e. **'CSR Budget'** shall mean the total budget as approved by the Board of the Company upon the recommendation of the CSR Committee, which is to be utilized for CSR Projects.
- f. **'CSR Committee'** shall mean the Corporate Social Responsibility Committee constituted by the Board of the Company in accordance with the Act, consisting of three or more directors, out of which at least one director shall be an independent director.
- g. **'CSR Expenditure'** means all CSR Expenditure of the Company as approved by the Board upon recommendation of the CSR Committee, including the following:
  - i. contribution to CSR Projects which shall be implemented and/ or executed by the Company;
  - ii. contribution to CSR Projects (including for corpus as required) which shall be implemented and/or executed by V-Guard Foundation and/ or any accredited implementing agency which may be a registered and accredited trust, any other Section 8 Company, Society or NGO or in collaboration with other Companies.
- h. **'CSR Officer'** shall mean the whole-time person engaged by the Company for activities envisaged in the CSR Policy, having due comprehension, understanding, drive and passion for such activities and designated as such.
- i. **'CSR Policy'** shall mean the present Corporate Social Responsibility Policy of the Company, which covers the activities to be undertaken by the Company [areas or subjects] as specified in Schedule VII to the Act and the CSR Expenditure thereon.
- j. **'CSR Projects' or 'Projects'** means Corporate Social Responsibility projects/ activities/ programs/ initiatives instituted in India, either new or ongoing, and include but not limited to those undertaken by the Board in pursuance of recommendations of the CSR Committee as per the declared CSR Policy of the Company. Projects/ activities/ programs/ initiatives undertaken in pursuance of normal course of business of the Company and projects which benefit only the employees of the Company and their families shall not be considered as CSR Projects.
- k. **'Financial Year'** shall mean the period beginning from 01<sup>st</sup> April of a year to 31<sup>st</sup> March of the succeeding year.
- l. **'Independent Director'** shall mean an Independent Director referred to in sub-section (6) of Section 149 of the CA 2013.
- m. **'Net profit'** means the net profit of a company as per its financial statement prepared in accordance with the applicable provisions of the Companies Act, 2013, 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 Companies Act, 2013.



- n. **'Rules'** shall mean the Companies (Corporate Social Responsibility) Rules 2014, including any re-enactment, modifications or amendments thereof.
- o. **'Ongoing Project(s)'** means a multi-year project(s) 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(s) that was initially not approved as a multi-year project(s) but whose duration has been extended beyond one year by the board based on reasonable justification.

#### 4. CSR COMMITTEE

Pursuant to the provisions of Section 135 of the Act, the CSR Committee shall consist of three or more Directors of which at least one shall be an Independent Director. Considering the above, the Company has constituted a CSR Committee and the list of members of the CSR Committee is annexed to this Policy as **Annexure – I**.

The Quorum for the CSR Committee meeting shall be two members or one-third of the members of the CSR Committee, whichever is greater, with at least one Independent Director who is member of the Committee.

The CSR Committee shall meet at least once in every Financial Year.

The Board of Directors shall have the power to make any change(s) in the constitution of the CSR Committee, as may be required from time to time.

Upon any change in the constitution of CSR Committee including change in the designation of member(s), the Chairman of the Committee is authorized to amend the list of members of CSR Committee which is annexed to this Policy as **Annexure - I**.

#### 5. ROLES AND RESPONSIBILITIES

The CSR Committee shall be responsible for the following.

- a. Formulation and recommendation to the Board, a Corporate Social Responsibility Policy (CSR Policy) including its amendments from time to time which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act.
- b. Formulation and recommendation to the Board, CSR Annual Action Plan for each financial year.
- c. To monitor the Corporate Social Responsibility Policy of the Company from time to time.
- d. To recommend to the Board, amount of CSR budget for carrying out the activities referred to in sub-clause (a) above.
- e. To provide the Annual Report on the CSR activities done by the Company to the Board.
- f. Institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company.
- g. CSR Committee shall discuss any other item apart from the above for the furtherance of CSR Objectives in accordance with the Policy.



The Board of Directors shall be responsible for the following:

- a. Approval of the CSR Policy including amendments from time to time, of the Company.
- b. Approval of the Annual Action Plan including amendments from time to time, in pursuance to CSR Policy.
- c. Disclosure of CSR Policy on Company's website in such a manner as prescribed under Section 135 of the Act.
- d. Ensuring that the best possible efforts will be taken by the Company to spend, in every Financial Year, at least 2 (two) percent of the average net profits of the Company as computed under Section 198 of the Act, made during the 3 (three) immediately preceding Financial Years in pursuance of the Policy.
- e. To approve CSR projects, CSR budget and expenditure on the projects.
- f. Transferring the unspent CSR amount, if any, pertaining to a financial year, to a Fund specified in Schedule VII of the Companies Act, 2013, unless the unspent amount relates to any ongoing project(s) referred to in sub-section (6) of Section 135 of the Act, within a period of 6 (six) months of the expiry of the Financial Year.
- g. Satisfying itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and also to ensure CSR amount is spent in accordance to meet the CSR objective of the Company and the Policy.
- h. To monitor the CSR Projects from time to time.
- i. Looking into any other matter/ requirement as may be recommended by the CSR Committee.

## **6. CSR BUDGET**

The amount of expenditure to be spent for CSR and the projects, programmes or activities undertaken in each financial year will be recommended by the CSR Committee of the Company and the same will be approved by the Board of Directors with or without modification.

Any surplus arising out of CSR activities shall not form part of the business profit of the Company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of this 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.

If in any financial year, the Company spends an amount in excess of its CSR obligation, such excess amount may be set off against the CSR obligation required in subsequent three financial years subject to the approval of the Board by way of a resolution to the effect, provided the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any, in pursuance of aforesaid clause.

## **7. GEOGRAPHICAL REACH**

The Company shall give preference to the local area and areas around the branches, warehouses, marketing and administration offices and factories of the Company for spending the amount earmarked for CSR activities. The activities will be restricted to the geographical boundaries of India.



## 8. ANNUAL ACTION PLAN

The Annual Action Plan shall include the following.

- a. the list of CSR projects or programmes which 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 programs 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.

The Board of Directors of the Company shall alter such plan at any time during the financial year as per the recommendation of the CSR committee, based on the reasonable justification to that effect.

## 9. IMPLEMENTATION OF CSR PROGRAMS

The CSR programs shall be implemented directly by the Company or through V-Guard Foundation (a Section 8 Company formed by the Company) or through any accredited implementing agency which may be a registered and accredited trust, any other Section 8 Company, Society or NGO or in collaboration with other Companies.

The Company has identified 'Education & Skill Development' and 'Health & Hygiene' as two focus areas. The Company, subject to the recommendation of the CSR Committee and approval of the Board of Directors of the Company, may undertake any CSR project(s) specified in Schedule VII of the Companies Act, 2013 from time to time.

## 10. AUDIT OF CSR EXPENDITURE

The CSR expenditure will be reviewed on periodic basis to confirm that the amount spent are for the CSR projects/ programs or activities approved by the Board of Directors of the Company and are in conformity with the Act and the Rules thereof.

## 11. CSR PROJECT EVALUATION AND APPROVAL MECHANISM

There shall be a preliminary evaluation of the identified CSR Projects by the CSR Sub-Committee comprising of cross functional managerial persons including some Management Committee members (hereinafter referred to as 'the Sub-Committee'). The CSR Projects identified by the CSR Team or Branch Manager or Plant Head etc of the Company shall be presented before the Sub-Committee by the CSR Team after creating a project report and assigning a budget for the preliminary evaluation. During such evaluation, the identified Projects along with all the supporting





documents shall be accessible to the members of the sub-committee through a portal for the ease of evaluation.

Subsequent to the preliminary evaluation of the identified CSR Projects by the Sub-Committee, those projects approved by the Sub-Committee shall be presented before the Management Committee of the Company (hereinafter referred to as 'the Management Committee') for its second round of evaluation.

Subsequent to the secondary evaluation of the identified CSR Projects by the Management Committee, those Projects approved by the Management Committee shall be evaluated by the CSR Committee and recommended to the Board for its approval.

## **12. AMENDMENTS & DISCLAIMER**

The Board of Directors of the Company shall have the power to amend or substitute any of the provisions of this Policy or replace this Policy in its entirety with a new Policy upon the recommendation of the CSR Committee.

In any circumstances, where the terms of this Policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the newly enacted law, rule, regulation or standard will take precedence over this Policy until such time the Policy is changed to conform to the law, rule, regulation or standard. Unless the context otherwise requires, the words, terms, expressions and derivations used in this Policy shall have the same meaning given in the Companies Act, 2013.

### **Contact Details:**

For queries and feedback related to CSR projects/ programmes/ activities, please write to us at:  
E-mail: [csr@vguard.in](mailto:csr@vguard.in)



### 13. ANNEXURE - I

#### COMPOSITION OF CSR COMMITTEE

Sl. No.	Name of Member	Designation
1.	Mr. Mithun K Chittilappilly	Chairman
2.	Mr. Cherian N Punnoose	Member
3.	Mr. George M Jacob	Member
4.	Prof. Biju Varkkey	Member
5.	Mr. Antony Sebastian K	Member