

CORPORATE SOCIAL RESPONSIBILITY POLICY

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Corporate Social Responsibility (CSR) Policy

[As per Section 135 of the Companies Act, 2013 and Corporate Social Responsibility Policy Rules, 2014]

1. Introduction

Corporate Social Responsibility (CSR) may be defined as the deliberate process through which an organization assesses and refines its interactions with stakeholders for the collective benefit, showcasing its dedication through appropriate and targeted initiatives. Socially conscious enterprises transcend mere profit-maximizing endeavours, utilizing CSR to harmonize economic, environmental, and social goals within their business strategies and expansion.

Veedol Corporation Limited [formerly Tide Water Oil Co. (India) Ltd.] ("the Company") acknowledges its role as a responsible corporate entity with inherent societal responsibilities. It is committed to generating positive societal impacts and actively seeks avenues for meaningful engagement with the community.

The Company's CSR Policy, referred to as the "VCL CSR Policy," is formulated in accordance with Section 135 of the Companies Act 2013 and the Corporate Social Responsibility Policy Rules, 2014, established by the Ministry of Corporate Affairs, Government of India. This policy delineates the guiding principles and operational frameworks for the Company's CSR initiatives.

2. Vision Statement and CSR Philosophy

Veedol Corporation Limited [formerly Tide Water Oil Co. (India) Ltd.] perceives Corporate Social Responsibility as integral to its organizational ethos, extending beyond business objectives. With a commitment to fostering equitable and sustainable development, the Company aims to create value through strategic social investments aimed at cultivating a cleaner, more environmentally conscious, and healthier world. The Company emphasizes nurturing a culture of care, trust, and continuous learning while contributing to inclusive growth and community development.

3. Objectives

The objectives of the VCL CSR Policy are as follows:

- Contribute progressively to societal and community welfare.
- Establish a structured mechanism for CSR activities and engage with key stakeholders on CSR matters.
- Ensure alignment of CSR activities as per relevant statutory provisions.

4. CSR Committee

In compliance with Section 135(1) of the Companies Act, the Company maintains a CSR Committee constituted by the Board of Directors of the Company. The Committee comprises a minimum of three directors, including at least one Independent Director.

4.1 Role of the CSR Committee

The CSR Committee is entrusted with the following responsibilities:

- i. Formulating and revising the CSR Policy, subject to Board approval.
- ii. Conducting periodic process audit of the CSR Policy.
- iii. Proposing CSR projects aligned with Schedule VII (including amendments thereof) and recommending corresponding investments.
- iv. Establishing transparent monitoring mechanisms.
- v. Responsible for monitoring utilization of funds, progress of CSR projects and assessing its impact.
- vi. Developing, recommending, and modifying the Annual Action Plan.
- vii. Reporting CSR activities and contributions to the Board.
- viii. Meeting at regular intervals and as and when deemed necessary, where the quorum of the meeting shall be one third of the total strength or two directors, whichever is higher.
- ix. The CSR Committee may invite Executives, Advisors, representatives of Social Organizations, Auditors of the Company, and such other person(s) as it may consider necessary to attend the meeting.
- x. Performing any other duties assigned by the Board.

4.2 Role of the Screening Committee

A Screening Committee (SC) constituting internal employees of the Company will evaluate all the CSR Project proposals prior to placing for approval from the CSR Committee / Board. The SC will comprise:

- i. Group Chief Financial Officer
- ii. Head - HR & Administration
- iii. Company Secretary

5. CSR Implementation

5.1 Scope, Planning, and Strategy

- The scope of this policy will extend to activities as stated under Schedule VII of the Companies Act, 2013 (the Act), as presently in force. The scope of the policy to also include all additional and allied matters, as will be notified by Ministry of Corporate Affairs or such other body, as appointed / notified by Central or State Government, from time to time for this purpose.
- The Company will strive to align its CSR initiatives with its business plans and strategies. To facilitate implementation, any long-term CSR plans can be segmented into medium-term and short-term plans. Each plan will outline the CSR activities scheduled for each year, delineate the responsibilities of the designated authorities involved in these endeavours, and may also stipulate measurable outcomes and the anticipated social/environmental impact of such activities.
- The Board of Directors of the Company may on recommendation of the CSR Committee, determine / approve the projects or programmes or activities (identified project or programme or activity) to be undertaken by the Company under CSR initiatives, from time to time. However, the Board shall ensure that the projects or programmes or activities undertaken are related and within the broad purview of the activities as stated under Schedule VII or any other relevant provision of the Companies Act, 2013.

- The minimum eligibility criteria for any project or programme or activity and / or other incidental or ancillary matters, including but not limited to quantum of proposed expenditure, shall be finalized by the Board of Directors, thereof, on recommendation of the CSR Committee.
- The modalities of execution of CSR projects or programmes or activities and implementation thereof shall be determined by the Board of Directors or its Committee (excluding any Board Committee formed for some other specific purpose, however including but not limited to Committee of Directors) from time to time, upon recommendation of the CSR Committee.
- The CSR Committee shall frame rules or issue directives with regard to monitoring of the CSR projects or programmes or activities.

5.2 Implementation of Activities:

The Board of Directors of the company may on the recommendation of the CSR Committee, decide to undertake CSR projects or programs or activities through the company itself or through:

- A Company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961).
- 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
- Any Entity established under an Act of Parliament or a State legislature.
- 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.
- Other eligible Entities meeting specified criteria.

Effective from April 01, 2021, or as notified by the Ministry of Corporate Affairs, implementing agencies must be registered with the Ministry.

6. CSR Budget Allocation

The Board approves the overall CSR budget based on the CSR Committee's recommendations.

6.1 CSR Allocation for a financial year comprises:

- At least 2% of the average Net Profits of the preceding three financial years. Net profit in such case will have the meaning as stated under Rule 2(f) of the Companies (Corporate Social Responsibility) Rules, 2014.
- If the company fails to spend such amount, the Board shall, in its report, specify the reasons for not spending the amount and, unless the unspent amount relates to any ongoing project, transfer such unspent amount to a Fund specified in Schedule VII of the Act, within a period of six months of the expiry of the financial year.
- Any amount remaining unspent, pursuant to any ongoing project, as defined under the Act, shall be transferred by the company within a period of thirty days from the end of the financial year to a special account to be opened by the company in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account, and such amount shall be spent by the company in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of three financial years from the date of such transfer, failing which, the company shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year.

- In case of ongoing project, the Board 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.
- CSR Expenditure shall include all expenditure including corpus for projects or programmes relating to CSR activities approved by the Board on recommendation of CSR Committee. However, the same will not include expenditure on any item not in conformity or in line with the activities stated under Schedule VII of the Companies Act, 2013. Expenditure on administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.
- CSR amount may be spent for creation or acquisition of a capital asset, which shall be held by such entity, society, beneficiary, authority, etc. as stated under Companies (Corporate Social Responsibility) Rules, 2014, as amended.
- CSR projects or programmes or activities undertaken in India only shall be considered as CSR Expenditure.
- Not more than 25% of the total CSR budget can be allocated to one CSR Project.
- For CSR projects with a total project cost exceeding Rs.10lakhs: The Company would be funding/contributing to the extent of maximum 75% of the total project cost.
- For CSR projects with a total project cost not exceeding Rs.10 lakhs: The Company could fund/contribute to the extent of maximum 100% of the total project cost, subject to discretion of the management and onward approval of the CSR Committee.
- Projects or programmes or activities that benefit only the employees of the Company and their families shall not be considered as CSR activities.
- Contribution of any amount directly or indirectly to any political party shall not be regarded as a CSR activity.
- Any expenditure incurred for building CSR capacity, whether own or that of eligible Implementing Agency, shall not exceed five percent of total CSR expenditure, in one particular financial year.
- Surplus arising out of CSR projects or programmes or 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 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 provided under section 135(5) of the Act, such excess amount may be set off against the requirement to spend under section 135(5) up to immediate succeeding three financial years subject to the conditions as stated under Companies (Corporate Social Responsibility) Rules, 2014, as amended.

6.2 Disbursal of CSR Funds:

- Payment term for fund disbursal, if the amount is less than or equal to 5lacs, will be:
 - 50% fund at the time of commencement
 - Release of rest 50% fund after receiving an **Interim** Utilization Certificate and Impact Report from Implementing Partner
- Payment term for fund disbursal, if the amount is more than 5lacs, will be:
 - 35% fund at the time of commencement
 - Release of rest 65% fund after receiving an **Interim** Utilization Certificate and Impact Report from Implementing Partner

7. CSR Activities

CSR projects encompass areas such as Education, Health, Women Empowerment, Environment, and Community Development, aligned with Schedule VII specifications. Detailed project categorization is based on few focus areas include:

- To endorse initiatives focused on advancing human capital, rural development, water conservation, elderly care through Medical Camps, empowerment of the girl child through education, and the promotion of sports-related activities, thereby enriching the quality of life and overall well-being of individuals.
- Interventions aimed at creating capabilities for tomorrow by assisting communities to put in place vital socio-economic infrastructure and equipping them to take advantage of emerging economic opportunities.
- To back endeavours that contribute to fostering a cleaner, more environmentally sustainable, and healthier ecosystem.

7.1 Execution Modalities

7.1.1 Preliminary Evaluation

1. Before committing to any CSR and Sustainability endeavour, it is essential to conduct an initial assessment. This step allows for a comprehensive understanding of the needs of the intended beneficiaries, aiding in the realistic estimation of required resources for achieving social, economic, or environmental impacts. The data collected during this phase serves as a foundation for impact assessment post-project completion. While not obligatory, a baseline survey can be included in this assessment. The need assessment can be carried out either in-house or by an independent agency. An indicative checklist for evaluated projects comprises:
 - i. Project context, outlining the roles of other developmental factors.
 - ii. Identifying the key requirements of target beneficiaries.
 - iii. Defining project goals and objective.
 - iv. Establishing Key Performance Indicators (KPIs).
 - v. Setting project milestones for tracking progress.
 - vi. Designing monitoring mechanisms.
 - vii. Outlining activities and timelines to meet project goals.
 - viii. Budget allocation with estimation rationale.
 - ix. Defining progress reporting content and frequency.

7.1.2 Diligence in Selection of Implementation Partners

When engaging external agencies for project implementation, thorough due diligence is crucial. Only agencies with specialized capabilities and expertise relevant to CSR projects should be considered. Additionally, verifying the credentials of reliability, integrity, and professional competence is imperative. Preferential consideration may be given to agencies with tax exemptions. An evaluation matrix can aid in assessing the suitability of potential partners. Approval from the Board of Directors is required for all implementation agencies before fund disbursement. The following documents are required for an organization to be considered for CSR donation:

- Copy of the CSR Form-1 (The form which you have uploaded in MCA portal) & CSR Form 1 registration certificate.
- Last 3 years audited financial report of the organization.

- Cancelled Cheque.
- Copy of PAN Card.
- Filled up Vendor/Implementing Agency registration form (we provide the registration form format).
- Details of corporates/clients worked with for various CSR projects.
- Confirmation on finalization of other doners in case we are not sponsoring 100% of the proposed value.

8. CSR Action Plan

The CSR Committee formulates an Annual Action Plan, subject to Board approval, incorporating project details, execution modalities, budget allocation, monitoring mechanisms, and impact assessments. The Annual Action Plan can be modified by the Board at any point within the fiscal year, based on the CSR Committee's recommendation.

9. Monitoring & Evaluation Framework

The CSR Committee ensures transparent monitoring mechanisms to track project implementation, compliance, and outcomes. Periodic monitoring, utilizing identified key performance indicators, is conducted, with the frequency determined primarily by the nature of these indicators. Monitoring processes should include regular feedback loops to allow for mid-course corrections in implementation, as needed. Progress is regularly reported to the Board. We also ask for a Chartered Accountant (CA certified) Certificate and Utilization Certificate from our implementing partners after completion of the project.

10. Role of Implementing Agencies

Implementing agencies are responsible for project execution, compliance, monitoring, documentation, and reporting, adhering to CSR Policy guidelines.

11. Impact Assessment

CSR team to conduct cross validation to determine impact assessment for CSR projects meeting specified criteria, with audited reports submitted to the Board and annexed to the annual CSR report. We will also provide our Implementing Partners with an Evaluation Questionnaire after project completion through which we analyse the impact of the projects.

12. Disclosures

An annual CSR report, as per statutory format, is prepared by the CSR Committee, included in the Board's report, and signed by relevant authorities. The CSR Policy is publicly available on the Company's website.

13. Amendments

The CSR Committee recommends policy amendments to the Board, ensuring compliance with statutory requirements.

14. General

The CSR Committee interprets policy provisions and addresses inquiries, with the Chairman's decision deemed final in matters not covered explicitly.

Annual Action Plan for the financial year 2024-25

		Rs. (in lakhs)
Estimated Prescribed CSR expenditure for 2024-25		232
List of CSR Projects approved	Modalities of utilisation of funds	Amount Proposed (Rs. in Lakhs)
Contribution towards promotion of education	Towards promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects	68
Contribution towards research in science, technology, engineering and livelihood enhancement project	For funding various approved projects	92
Contribution towards healthcare	For contribution towards projects promoting healthcare including preventive healthcare	72
Total		232

Note:

1. Contribution / expenditure for any other project / activity(ies) may be taken up during the year provided the same is / are permitted under Schedule VII of the Companies Act, 2013 and the proposed expenses earmarked for various projects will be inter-changeable in nature to such extent.
2. All the aforesaid projects are monitored by the CSR Committee of the Board of Directors. Progress of the projects are reported on quarterly basis to the CSR Committee.
3. Details of need and impact assessment of the aforesaid projects are not required since the average CSR obligation of the Company for the preceding 3 years is below the specified threshold limit.
4. All projects will be executed through approved organization / body.
5. Implementation schedules will depend on the nature of projects undertaken.

Adopted at the 29th CSR Committee Meeting held on 17th May, 2024


Chairman of the CSR Committee

Adopted at the 344th Board Meeting held on 18th May, 2024


Chairman of the
Board of Directors

Identified Document N 05/2024

Appendix

	<u>Amount (Rs. In crores)</u>
Net Profit for the FY 2021-22	122.05
Net Profit for the FY 2022-23	98.91
Net Profit for the FY 2023-24	127.49
Total Net Profit during the preceding 3 Financial Years	348.45
Average Net Profit during the preceding 3 Financial Years	116.15
CSR obligation for FY 2024-25 (2% of above)	2.32

A.1