

CORPORATE SOCIAL RESPONSIBILITY POLICY

DEVYANI FOOD INDUSTRIES LIMITED

Corporate Social Responsibility Policy means a statement containing the approach and direction given by the Board of a Company, taking into account the recommendations of its Corporate Social Responsibility Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan.

The Board of Directors of Devyani Food Industries Limited (“the Company”) constituted the “Corporate Social Responsibility Committee” at their Meeting held on 31st March, 2015 and re-constituted from time to time.

1. OBJECTIVE

The Corporate Social Responsibility (CSR) Committee and this Policy shall be in compliance with Section 135 of the Companies Act, 2013 and the Rules / Circulars made / issued thereunder. The Key Objectives of the Committee would be to:

- i. formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities, programs, areas or subjects (CSR activities) to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- ii. formulate and recommend to the Board, an annual action plan in pursuance of this Policy including the list of CSR projects or programs that are approved to be undertaken in areas or subjects specified in Schedule VII of the Companies Act, 2013, manner of execution of above-mentioned projects or programs, modalities of utilization of funds and implementation schedules for the projects or programs, monitoring and reporting mechanism for the projects or programs and the details of need and impact assessment, if any, for the projects undertaken by the Company;
- iii. recommend the amount of expenditure to be incurred on the CSR activities to the Board; and
- iv. monitor the Corporate Social Responsibility Policy of the Company from time to time.

2. DEFINITIONS

- 2.1 “Act” means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- 2.2 “Administrative overheads” means the expenses incurred for ‘general management and administration’ of CSR functions but shall not include expenses directly incurred for designing, implementation, monitoring, and evaluation of a particular CSR project or program.
- 2.3 “Board” means Board of Directors of the Company.
- 2.4 “Committee / CSR Committee” means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act.

2.5 “CSR Activities” means and includes but is not limited to :-

- (i) Projects or programs relating to activities, areas or subjects specified in Schedule VII to the Act;
- (ii) Projects or programs relating to activities undertaken by the Board in pursuance of recommendations of the CSR Committee as per this Policy.

Following shall not be considered as CSR Activities:

- (i) Activities undertaken in pursuance of normal course of business of the Company.
- (ii) Activities undertaken outside India except for training of Indian sports personnel representing any State or Union territory at national or international level.
- (iii) Contribution of any amount directly or indirectly to any political party.
- (iv) Activities benefitting employees of the Company as defined in clause (k) of section 2 of the Code on Wages, 2019.
- (v) Activities supported on sponsorship basis for deriving marketing benefits for its products or services.
- (vi) Activities carried out for fulfillment of any statutory obligations under any law in force in India.

2.6 “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:

- (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.

2.7 “Ongoing Project” means a multi-year project undertaken by a company in fulfillment 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.

2.8 “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.

3. CSR EXPENDITURE

3.1 In every financial year, the Company shall spend at least 2 (two) per cent of the average net profits of the Company (as calculated under section 198 of the Act) made during the three immediately preceding financial years, in pursuance of this Policy. The company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for CSR activities. If the company fails to spend such amount, the Board shall, in its annual report on CSR, specify the reasons for not spending the amount. Further, the unspent CSR amount shall be transferred by the Company to any fund specified in Schedule VII of the Act or fund specified from time to time in such manner as may be prescribed.

In case of average CSR obligation of Rupees Ten Crore or more in pursuance of sub-section 5 of Section 135 of the Act in the three immediately preceding financial years, impact assessment shall be undertaken through an independent agency of the CSR projects or programs having outlays of Rs. One Crore or more and which have been completed not less than one year before undertaking the impact study. In such case, the Company may book the expenditure towards CSR for that financial year which shall not exceed five percent of the total CSR expenditure for that financial year or Rs. 50 Lacs, whichever is less.

- 3.2 CSR expenditure shall include all expenditure for projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee, but does not include any expenditure on an item not in conformity or not in line with activities which fall within the purview of Schedule VII of the Act or prohibited activities.
- 3.3 The Board shall ensure that the Administrative Overheads shall not exceed five percent of total CSR expenditure of the Company for the financial year.
- 3.4 Any surplus arising out of the CSR activities shall not form part of the business profit of the Company and shall be ploughed back into the same project/program or 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 of the Act within a period of six months of the expiry of the financial year.
- 3.5 The excess CSR expenditure under sub-section (5) of Section 135 of the Act may be set off against the required CSR expenditure up to immediate succeeding three financial years provided that the excess CSR expenditure available for set off shall not include the surplus arising out of the CSR activities (if any) and the Board shall pass a resolution to that effect.
- 3.6 CSR amount may be spent for creation or acquisition of a capital asset to be held by (a) a company established under section 8 of the Act or a Registered Public Trust or Registered Society having charitable objects and CSR Registration Number; or (b) beneficiaries of the said CSR project in the form of self-help groups, collectives, entities; or (c) a public authority.

4. PROJECTS / CSR ACTIVITIES TO BE UNDERTAKEN BY THE COMPANY

- 4.1 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;
- 4.2 promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- 4.3 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;
- 4.4 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 setup by the Central Government

- for rejuvenation of river Ganga;
- 4.5 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 arts and handicrafts;
 - 4.6 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;
 - 4.7 training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
 - 4.8 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 Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
 - 4.9 (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; 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);
 - 4.10 rural development projects.
 - 4.11 slum area development.
 - 4.12 disaster management, including relief, rehabilitation and reconstruction activities.
 - 4.13 any other activity as may be notified by the Central Government from time to time.

5. COMPLIANCE, MONITORING AND REPORTING

- 5.1 It will be the responsibility of the Board to ensure that the CSR activity as prescribed in this Policy or annual action plan are undertaken by the Company.

The Company may undertake the CSR activities, as recommended by its CSR Committee and approved by its Board of Directors, through:

- (a) a registered public trust or a registered society or a section 8 Company, registered under Section 12A and 80G of the Income Tax Act, 1961, established by the Company, either singly or along with its holding or subsidiary or associate company of such other company, or otherwise; or
- (b) a registered trust or a registered society or a section 8 Company, established by the central or state government; or

- (c) any entity established under an Act of Parliament or State legislature; or
- (d) a registered public trust or a registered society or a section 8 Company, registered under Section 12A and 80G of the Income Tax Act, 1961, and having a track record of atleast three years in undertaking similar activities.

Every entity covered under (a) to (d) as mentioned above, which intends to undertake CSR activity shall register itself with the Central Government by filing the prescribed form.

- 5.2 The Company may also collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the CSR committee of the respective companies is in a position to report separately on such projects or programs.
- 5.3 The CSR projects or programs or activities undertaken in India only shall amount to CSR Expenditure except as provided under the Act from time to time.
- 5.4 The CSR Committee of the Company shall institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company.
- 5.5 The Compliance with this Policy / CSR activities / projects will be continuously monitored by the CSR Committee and the Policy is subject to review by the Board of Directors of the Company, supported by the CSR Committee, and the compliance will be reported to the stakeholders through the Board's Report.

6. REPORTING AND COMMUNICATION

The Board's Report of the Company shall include an annual report on CSR containing particulars as per prescribed format. In case of applicability of impact assessment as detailed hereinabove, the said impact assessment report shall also form part of the Board's Report of the Company.

The Board of Directors shall disclose the composition of the CSR Committee as well as the contents of the CSR Policy and Projects in its report and shall publish the Policy on the website of the Company.

7. AMENDMENT

This Policy shall be subject to review by the Board as may be deemed necessary and in accordance with any statutory/regulatory amendments. The Board of Directors can amend this Policy, as and when deemed fit.