

FINOLEX PLASSON INDUSTRIES PRIVATE LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY

1. PREAMBLE

- 1.1 Finolex Plasson Industries Private Limited (the “Company”), bearing CIN U41000PN1992PTC067896, has been incorporated in accordance with the provisions of the Companies Act, 1956 on 27th July, 1992.
- 1.2 The Company is engaged in the business relating to the manufacture of micro-irrigation systems fittings, accessories and a range of irrigation components. The Company offers a wide range of products suitable for different sectors of agricultural activity.
- 1.3 The Company recognizes the importance of Corporate Social Responsibility and is committed to operate in an economically, socially and environmentally sustainable manner and to work in these areas in order to meet the norms of corporate governance.
- 1.4 The Company has always endeavoured to conduct its business responsibly, mindful of its social accountability, respecting applicable laws and regard for human dignity.
- 1.5 In alignment with the legal framework on corporate social responsibility applicable to the Company, the Corporate Social Responsibility Policy of the Company lays down broad guidelines and principles for the Company’s activities in the sphere of corporate social responsibility and defines the contribution which the Company can make towards corporate social responsibility.

2. STATUTORY MANDATE

- 2.1 Section 135 of the Companies Act, 2013 imposes an obligation on the Company to constitute a Corporate Social Responsibility Committee of its Board of Directors which is entrusted with the responsibility of *inter alia* formulating and recommending to the Board a policy indicative of corporate social responsibility activities to be undertaken by the Company.
- 2.2 Schedule VII of the Companies Act, 2013 lays down activities which may be included by companies in their corporate social responsibility policies.
- 2.3 In terms of section 134 (3) (o) of the Companies Act, 2013, the Board’s report of a company shall *inter alia* include the details about the policy developed and implemented by a company on corporate social responsibility initiatives taken during the year.
- 2.4 The Ministry of Corporate Affairs, has, *vide* its notification dated 27th February, 2014 made the provisions of section 135 of the Companies Act, 2013 and Schedule VII of the Companies Act, 2013 relating to corporate social responsibility applicable to a prescribed class of companies with effect from 1st April, 2014.

2.5 Rules regulating corporate social responsibility are contained in the Companies (Corporate Social Responsibility Policy) Rules 2014 (“CSR Rules”) which have been notified by the Ministry of Corporate Affairs on 27th February 2014 and are effective from 1st April 2014.

3. DEFINITIONS

In this Policy, unless the context otherwise requires or implies, the following terms shall have the meanings assigned against each of them.

3.1 **‘Act’** shall mean the Companies Act, 2013.

3.2 **‘Average Net Profit’** shall mean net profit as computed in accordance with section 198 of the Act.

3.3 **‘Board’** shall mean the Board of Directors of the Company.

3.4 **‘Corporate Social Responsibility (“CSR”)** shall mean and include but is not limited to:-

i) Projects or programs relating to activities specified in Schedule VII of the Act; or

ii) Projects or programs relating to activities undertaken by the Board in pursuance of recommendations of the Corporate Social Responsibility Committee of the Board as per this Policy of the Company and will cover subjects enumerated in Schedule VII of the Act.

3.5 **‘CSR Activities’** shall mean the activities which may be included by the Company in this Policy in accordance with Schedule VII of the Act.

3.6 **‘CSR Committee’** shall mean the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act.

3.8 **‘Net Profit’** shall mean the net profit of the Company as per its financial statement prepared in accordance with the applicable provisions of the Act.

3.9 **‘This Policy’** shall mean the Corporate Social Responsibility Policy of the Company formulated and recommended by the CSR Committee to the Board.

4. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

4.1 The CSR Committee shall be as constituted by the Board. It shall consist of three or more directors, out of which at least one director shall be an independent director.

4.2 The Board shall nominate directors as members of the CSR Committee from time to time.

4.3 The presently nominated members of the CSR Committee are :

(i) Mr. Vijay K. Chhabria;

(ii) Mr. Prabhakar D. Karandikar; and

(iii) Mr. Tova Posner Henkin.

5. CSR ACTIVITIES

A. CSR ACTIVITIES : SCOPE

The list of CSR projects or programs which the Company plans to undertake in line with the provisions of Schedule VII of the Act are broadly classified as follows:-

| CSR Programs | CSR Activities |
|---------------------|---|
| Health | Setting up and running clinics and hospitals Organizing health camps Preventing and treating communicable diseases like malaria, tuberculosis and HIV / AIDS Promoting awareness about various health issues and generating demand for health services Treating and rehabilitating persons with disabilities Ensuring access to potable drinking water and hygienic sanitation |
| Education | Setting up and running educational institutions and hostels Augmenting and supporting infrastructure in educational institutions Setting up and running mid-day meal kitchens Training of teachers and headmasters Offering scholarships and financial assistance to needy and meritorious students |
| Livelihood | 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 Reducing inequalities faced by socially and economically backward groups Creating, training and supporting self help groups, federations, co-operative societies and similar institutions |
| Environment | Undertaking plantations and afforestation activity with a view to ensuring environmental sustainability and ecological balance Promoting renewable sources of energy Conserving biodiversity Protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources 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 Promoting awareness about environmental issues |

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| Ethnicity | 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 Preserving and promoting tribal languages, scripts and literature Preserving and promoting fine arts and performing arts Organising cultural events |
| Upliftment of certain sections | Activities entailing measures for the benefit of armed forces veterans, war widows and their dependents. |
| Sports | Setting up training centres to promote rural sports, nationally recognized sports, paralympics sports and Olympic sports Organising sports tournaments Supporting sportspersons to participate in state, national and international events Preserving and promoting indigenous sports Organising leadership and motivational camps |
| Rural Development | Rural development projects of building and maintaining community-based rural infrastructure such as roads, bridges, drains, rural electrification and water infrastructure Slum area development |
| Disaster Relief | Extending relief measures during times of natural disasters anywhere in the country and supporting rehabilitation measures post disasters |
| Support to technology incubators | Funding research projects for environmental and social sustainability |

The CSR Committee could, from time to time, recommend donating or making grants to the Prime Minister’s National Relief Fund or any other fund set up by the Central Government or to non-profit organizations and other institutions whose activities are aligned with the Company’s CSR.

B. CSR ACTIVITIES: IMPLEMENTATION AND MONITORING

- (i) The CSR Activities shall be undertaken by the Company as per this 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. The Company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for CSR Activities.
- (ii) The Board may decide to undertake CSR Activities approved by the CSR Committee, through a registered trust or a registered society or a company established under section 8 of the Act by the Company, either singly or along with its holding or subsidiary or associate company, or along with any other company or holding or subsidiary or associate company of such other company, or otherwise.

- (iii) 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 are in a position to report separately on such projects or programs in accordance with the CSR Rules.
- (iv) The modalities of execution of the CSR projects or programs and implementation schedule for the same will be monitored as per the '**Annexure**' to this Policy.

6. DISCLOSURE

The Company shall disclose the contents of this Policy in its Board's report in the format given in the CSR Rules and the same shall be displayed on the Company's website.

7. POLICY REVIEW

This Policy will be reviewed from time to time and any changes, if necessary, will be approved by the CSR Committee of the Board.

8. APPROVAL OF THE BOARD

This Policy was approved by the Board at its meeting held on 11th December, 2015, on the recommendation of the CSR Committee of the Company.

ANNEXURE

Monitoring Framework

The Company's CSR Committee will monitor the implementation of this Policy through a periodic review of the activities of the implementing agencies such as the supported Foundation and/or Educational and other Institutions. The respective heads of the supported institution will present their list of programs, projects and activities, for which support is sought from the Company, to the CSR Committee for its approval. The CSR Committee will, in turn, recommend suitable projects or activities to the Board for its final approval.

In compliance with the Act and to ensure that funds spent on CSR programs are creating the desired impact, a comprehensive Monitoring and Reporting framework will be put in place. The monitoring and reporting mechanism is divided into the following distinct areas namely:

- A. Program Monitoring; and
- B. Evaluation.

A. Program Reporting

Program monitoring mechanism will ensure that:

- I. This Policy is implemented as per the Act and the CSR Rules.
- II. This Policy is implemented in a manner so as to ensure that all projects or programs as budgeted are duly carried out.
- III. CSR spend will be closely monitored and funds will be released against verified utilizations as per the approved work plans. This may include monthly field visits, comprehensive documentation and regular interaction with beneficiary institutions or communities.
- IV. CSR spend will be audited in an accountable and transparent manner.
- V. There will be quarterly reporting and review by the CSR Committee and quarterly or six monthly reviews by the Board.

B. Evaluation

- I. A robust Management Information System ('MIS') monitoring mechanism and evaluation plan will be put in place.
- II. Expected outcomes, outputs and inputs will be clearly defined for each program as per the stated timelines.
- III. There will be clarity about the scope of the program and the need for evaluations to be undertaken.
- IV. Third parties may be engaged to ensure objective assessment across baseline and end line parameters.
- V. The CSR Committee will decide whether it will rely on internal, external or third party evaluation.

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