

CORPORATE SOCIAL RESPONSIBILITY POLICY
OF
HATSUN AGRO PRODUCT LIMITED

INDEX

| | |
|--|----------|
| 1. Introduction and Background..... | 3 |
| 2. Policy Objectives | 3 |
| 3. Scope of the Policy..... | 4 |
| 4. CSR Committee | 4 |
| 5. CSR Budget | 4 |
| 6. CSR Activities | 5 |
| 7. Implementation..... | 6 |
| 8. Board Responsibilities on CSR..... | 6 |
| 9. Framework on Monitoring and Reporting..... | 7 |
| 10. Conclusion..... | 8 |

CSR POLICY

INTRODUCTION AND BACKGROUND

- 1.1. Section 135 of the Companies Act, 2013 impose statutory responsibility on Companies with an annual turnover of 1,000 crore INR and more, or a net worth of 500 crore INR and more, or a net profit of five crore INR and more to undertake Corporate Social Responsibility activities as enumerated under Schedule VII of Companies Act 2013 which otherwise popularly known as CSR activities.
- 1.2. By promulgation of Section 135, every Company which qualifies with any of the above mentioned criteria in any of the financial year has to constitute a separate committee known as CSR Committee consisting of their board members, including at least one independent director to implement and monitor the CSR activities of the Company.
- 1.3. Hatsun Agro Product Limited (HAPL) recognizes that its business activities have wide impact on the societies in which it operates, and therefore an effective practice is required giving due consideration to the interests of its stakeholders including shareholders, customers, employees, suppliers, business partners, local communities and other organizations.
- 1.4. HAPL endeavors to make CSR an important agenda and is committed to its stakeholders to conduct its business in an accountable manner that creates a sustained positive impact on society.
- 1.5. HAPL being a Company satisfying the threshold as stipulated under Section 135 of the Companies Act, 2013 is committed to establish the CSR Committee and formulate a CSR policy for the Company.

POLICY OBJECTIVES

The **objectives** of this policy are –

- Devising meaningful and effective strategies for carrying out CSR activities and engaging with all stakeholders towards implementation and monitoring.
- Make sustainable contributions to communities.
- Identify socio-economic opportunities to perform CSR activities.
- Focus on social welfare activities as envisaged in Schedule VII of Companies Act, 2013.

SCOPE OF THE POLICY

- This Policy will focus on constitution of CSR Committee, roles and responsibilities of CSR Committee, CSR activities to be undertaken and allocation of funds for carrying out such CSR activities, Implementation and monitoring the execution of CSR activities for the Company.
- The Policy shall apply to all CSR projects/programmes undertaken by the Company in India as per Schedule VII of the Act.
- This policy shall be applicable to HAPL including all its subsidiaries, and all their employees.

CSR COMMITTEE

I. The CSR Committee of HAPL comprises of three directors of which, one will be an independent director. The current composition of the CSR Committee shall be

- a. Mr.P.Vaidyanathan – Independent Director and Chairman
- b. Mr.K.S.Thanarajan – Non Executive Director and Member
- c. Mr.C.Sathyan – Executive Director and Member

II. The CSR committee of HAPL will be responsible for:

- Formulating the CSR policy in compliance to Section 135 of the Companies Act 2013
- Identifying activities to be undertaken as per Schedule VII of the Companies Act 2013.
- Recommending to Board the CSR expenditure to be incurred.
- Recommending to Board, modifications to the CSR policy as and when required.
- Regularly monitoring the implementation of the CSR policy

CSR BUDGET

CSR Committee will recommend every year, the annual budgeted expenditure to the Board of Directors for its consideration and approval which shall not be less than 2% of the average net profits of the Company made during the three immediately preceding financial years.

CSR ACTIVITIES

The CSR Committee shall recommend to the Board of HAPL to implement its CSR activities covering any of the areas as detailed below in accordance with Schedule VII of Companies Act, 2013 :-

- eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;
- promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- 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;
- ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water;
- 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 and handicrafts;
- measures for the benefit of armed forces veterans, war widows and their dependents;
- training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;
- contribution to the 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 Scheduled Tribes, other backward classes, minorities and women;
- contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government
- rural development projects.

IMPLEMENTATION

The Board of HAPL shall based on the recommendations from the CSR Committee shall implement any of the activities as mentioned under Schedule VII of the Companies Act, 2013 through any of the following ways :-

- Registered Trust or Society or Company established by the Company.
- Any other established Registered Trust or Society having track record of three years in undertaking similar programs or projects.
- Collaborate with other Companies for undertaking projects or programs or CSR activities.

BOARD RESPONSIBILITIES ON CSR:-

The Board of HAPL will be responsible for:

- approving the CSR policy as formulated by the CSR Committee
- ensuring that in each financial year the Company spends at least 2% of the average net profit excluding profits arising from overseas branches made during the three immediate preceding financial years.
- ensuring that every financial year funds committed by the Company for CSR activities are utilized effectively and regularly monitoring implementation.
- disclosing in its Annual Report the names of CSR Committee members, the content of the CSR policy and ensure annual reporting of its CSR activities on the Company website.
- ensuring annual reporting of CSR policy to the Ministry of Corporate Affairs, Government of India, as per the prescribed format.

As per Section 135 the reasons for under spending of the allocated CSR budget shall be specified in the Board's Report. The surplus arising out of the CSR activities, if any, will not be considered as a part of the business profits of the company.

FRAMEWORK ON MONITORING AND REPORTING

HAPL's CSR Committee shall monitor the implementation of the CSR Policy through periodic reviews. The Finance head of HAPL will present list of programmes, projects, and activities to the CSR Committee for its approval. The Committee will in turn recommend this to the Board for its final approval. In compliance with the Act and to ensure funds spent on CSR programmes are creating the desired impact on the ground, a comprehensive Monitoring and Reporting framework will be put in place. The monitoring and reporting mechanism is divided into three distinct areas:

I. Programme Monitoring:

II. Evaluation:

III. Reporting and Documentation:

Programme Monitoring:

I. Programme monitoring mechanism will ensure:

- the CSR policy is implemented as per the Act and the Rules.
- The CSR policy is implemented ensuring that all projects/programmes as budgeted are duly carried out

II. CSR spends will be closely monitored and funds shall be released against verified utilizations as per the approved work plans.

III. CSR spends will be audited in an accountable and transparent manner.

IV. Quarterly review by the CSR committee and six monthly review by the Board.

Evaluation

I. A MIS monitoring mechanism will be put in place.

II. There shall be clarity about the scope of the programme and the need before evaluations are undertaken.

Documentation and Reporting

The CSR Committee will prepare the annual CSR report to be filed by the Company on approval of the Board. This report will ensure:

- CSR projects and programmes are being properly documented.
- The Accountability is fixed at each level of CSR process and implementation.

CONCLUSION

Our Board of Directors, our Management and all of our employees subscribe to this policy with compassionate care. We believe and act on an ethos of generosity and compassion, characterized by a willingness to build a society that works for everyone. This is the cornerstone of our CSR policy.