



Corporate Social Responsibility Policy

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“The Stirring within and my conscience was always telling me, whatever you are, you owe it to the society. I have the conviction that only by doing selfless service to the needy and the poorest of the poor, one can achieve a true sense of satisfaction and happiness; the highest purpose of life.”

**Dr. Desh Bandhu Gupta,
Chairman,
POLYNOVA INDUSTRIES LTD**

POLYNOVA'S Corporate Social Responsibility Policy

This document outlines the Corporate Social Responsibility (CSR) Policy of POLYNOVA INDUSTRIES LTD ("PIL" or "The Company"). Long before the CSR concept came into vogue; our Founder Chairman had formed Lupin Human Welfare and Research Foundation (LHWRF), an entity dedicated to rural development, with a sense of social obligation. Hence, this policy document largely articulates the existing CSR policy of our chairman has committed to practice and makes it more congruent with the framework provided by the Section 135 of the Companies Act, 2013.

1. Conceptual framework

1.1 Title of the policy

This policy, incorporating the philosophy, guidelines and mechanism of our Companies for undertaking social and economic measures for the welfare and sustainable development of the Indian society, is titled as the '**PIL CSR Policy**'.

1.2. Applicability/scope

This policy shall apply to all CSR initiatives and activities taken up at the various work-centers, plants and factory locations of PIL as well as in the areas adopted by Lupin Human Welfare and Research Foundation (LHWRF) and other sister organizations, for the benefit of the rural and urban India and particularly the marginalized, deprived and poorer segments of the society.

1.3. CSR Vision

Corporate Social Responsibility (CSR) cannot be a mere set of mandatory legal provisions for compliance. It is a moral and social obligation that shoots out from within, as it did 25 years ago, when Dr. Desh Bandhu Gupta established an autonomous foundation dedicated to rural development. The core of CSR program will not be limited to eradication of poverty; it will be for building sustainable models for enhancement in Human Development Indices (HDI). This will be replicated widely through collaborations and partnerships. The program design of the CSR work of the Company will be guided by the Millennium Development Goals (MDGs), which offers an appropriate framework for the action.

1.4. Objectives

The CSR Policy aims at:

- 1.4.1. Building and replicating sustainable, evolving, dynamic models of social, economic, infrastructure and natural resource development models of macro, micro and mini scales through CSR program in partnership with government bodies and other stakeholders at national, regional, district, block and village level.
- 1.4.2. Providing services and solutions to address social issues with highest social priority for the poor, marginalized and under-privileged in line with the business philosophy of providing affordable medicines for most prevalent diseases.
- 1.4.3. Planning and executing the programs that would benefit the communities in and around its work-sites, factory and plant locations and LHWRF adopted-areas with low HDI-scores in order to enhance the quality of life of the community in general and the poor in particular.
- 1.4.4. Building, nurturing and reinforcing identity of the Company as a socially and ethically responsible corporate entity through its CSR initiatives for the benefit of diverse stakeholders in the society.
- 1.4.5. Carrying out activities that would create increased happiness and empowerment of the stakeholders.
- 1.4.6. Acting as a catalyst, integrating diverse resources to make things happen at the field level, through direct intervention and social investment, attempt will be made to address the immediate needs of the poor as well as long-term development concerns.
- 1.4.6. Responding to natural and anthropogenic disasters, calamities at global and national levels as well as in the areas of operations to provide relief, reconstruction and rehabilitation support, as and when required.
- 1.4.8. Setting up deeper sustainable institutional projects for the long-term welfare of the nation.

2. CSR Governance

2.1. Governance mechanism

The Company has established an accountable, robust and transparent governing mechanism to manage the operation under its CSR Policy, in compliance with the requirements of Section 135 of the Companies Act, 2013.

2.2. **Corporate Social Responsibility Committee**

Board-level CSR Committee (CSRC) has been formed to plan and manage CSR programs undertaken within and around the work-sites, plant and factory locations as well as LHWRF adopted areas. The CSRC consists of:

Sr.	Name	Designation
1	Mrs Manju D Gupta	Director
2	Mr Sunil Makharia	Independent Director
3	Mr. K R Gupta	Independent Director

2.3. **Powers and duties of the CSRC**

- 2.3.1. CSRC will formulate, review, revise and update PIL's CSR Policy, which will be approved by the Board of the Company. CSRC will suggest strategies, focus and areas of intervention and operation to the Board as per requirement.
- 2.3.2. CSRC will initiate internal process to develop an Annual Action Plan and Budget (AAPB) in consultation with the implementing bodies to develop a CSR plan and also modify and finalize the same after Board approval, where required.
- 2.3.3. The CSRC will then entrust the responsibility of the execution of the CSR Plan within the specified budgets and time-frames to such persons or bodies, as it may deem fit.
- 2.3.4. The persons/bodies entrusted with the task will implement CSR activities within the specified budgets and time-frames.
- 2.3.5. CSRC shall meet at least twice a year to review the progress made by various persons and bodies, which are assigned task of implementation of CSR work.
- 2.3.6. At the end of every financial year, all entrusted bodies will submit annual report to the CSRC, which in turn collate and present before the Board.

2.4. **Implementing and executing bodies**

- 2.4.1. Our Chairman through Lupin Limited has already established and promoted an organization called Lupin Human Welfare and Research Foundation (LHWRF) to carry out CSR activities all over India. This body will continue to be the main executive CSR arm of the PIL.

2.4.2. LHWRF will be primarily responsible for implementation of the CSR programs as per approved CSR plan through its employees.

2.4.3. CSR activities within the Company will be carried out by the employees assigned for the task in consultation with CSRC.

2.5. **Organizational Structure for Program Implementation**

2.5.1. The operational structure of direct implementation of CSR Programs of the Company will be as follows:

2.5.1.1. The Corporate Social Responsibility Committee (CSRC) will be the highest body in the structure.

2.5.1.2. The CSRC may appoint Executive Management Committee (EMC) for the implementation of the CSR programs.

2.5.1.3. The EMC may appoint capable and experienced professionals as Chief Program Managers (CPMs) at the State level.

3. Planning, Strategies and implementation of CSR Program

3.1. **Outreach strategy and principles**

3.1.1. **Outreach Strategy**

PIL will adopt a three-pronged strategy regarding its CSR operation.

3.1.1.1. **CSR Activity**

On the One hand PIL will contribute to LHWRF who will carry out their excellent work in CSR activity and in evolving and establishing replicable, sustainable models of development.

3.1.1.2. **CSR Activity near the Company operations:**

On the Other Developmental work in the areas adjacent to the manufacturing plants, work-sites or factories of PIL will be taken up in future. The size and scale of the operations will be decided according to the strategic needs and the situation of the locations through the CSRC approval mechanism. In this kind of CSR operations, aim will be to develop a replicable CSR model of engagement for areas near work-sites.

3.1.1.3. **CSR activity within the Company:**

CSR work will be initiated within the Company among the employees through awareness generation for volunteering, staff contributions and payroll contribution for social causes, crisis and issues. This CSR operation will aim at increasing commitment of the employees for social causes and develop and nurture socially-responsible work-culture and environment within the Company.

3.2. **Implementation Mechanism and Principles**

3.2.1. **Implementation agencies**

Primarily, LHWRP will implement and execute CSR programs through internal implementing mechanisms. Where it is considered absolutely necessary, competent implementing partners from outside will be assigned the task of implementing CSR projects.

3.2.2. **Participatory process**

Effort will be to make implementation as much participatory as possible to enhance quality of the process and sustainability of the results.

3.2.3. **Partnership policy**

PIL will forge partnership with various entities to enhance quality of process, infuse technology, widen scale and maximize impacts.

3.2.4. **Knowledge Partnership**

In order to bring improved technology and innovation in the identified CSR programs, partnerships may be formed with academic and technical institutes and expert agencies.

3.2.5. **Funding Partnership**

As per resource mobilization policy, partnerships will be forged with different contributors and donors from various segments to complement PIL CSR grants.

3.2.6. **Implementing partnership**

For certain projects competent and professional organizations may be taken as implementing partners. Though preference will be given to LHWRP, implementing partner will have to fulfill the following criteria:

- The NGO/Agency has a permanent office/address in India;
- The NGO is a registered society under the Societies' Registration Act;
- Possesses a valid Income-tax Exemption Certificate; and
- The antecedents of the NGO/Agency are verifiable/subject to confirmation.

3.2.7. **Convergence**

Initiatives of Central and State Governments, District Administration, Local Administration as well as different Government Departments, Agencies, banks, Self-Help Groups, Gram Vikas Panchayats and other CBOs, would be dovetailed and synergized with the activities taken up by PIL under its CSR Programs.

3.3 **Focus and major drives of CSR programmes**

3.3.1. Based on the various objectives and focus of the CSR programs, efforts will be made to have high impact in certain areas so that the CSR work of the Company instantly gets associated with certain activities with its impact and scale of operation. Identity and brand of the CSR programme will be evolved through large-scale implementation of:

- Skill Development
- Promoting Gender Equality
- Ensuring Environmental Sustainability Ecological Balance.

3.3.2 A program titled 'Learn and Earn' will be taken up with an aim to provide an opportunity to worthy but financially weak students, particularly from small towns and rural areas for pursuing higher education.

3.4. **CSR Program areas and Sectors of interventions**

3.4.1. LHWRF has evolved over the years certain Program Areas and within those areas some 'sectors of interventions'. These have emerged through holistic development approach that was adopted in its CSR work for the last 25 years. PIL will support these primarily.

3.4.2. CSR programs will be undertaken by implementing and executing bodies to the best possible extent within the defined ambit of the identified program areas and 'sectors of interventions' in which LHWRF is active since decades.

3.4.3. However, the CSR projects and activities will be planned and undertaken according to the need of the time and situation and will not be restricted and limited to these programs and sectors of interventions. These identified program areas and sectors of interventions will only provide broad framework for CSR activities to be initiated.

3.4.4. Broad Program Areas and Sectors of Interventions are as follows:
(List of projects or programs that the Company plans to undertake and are falling within the Schedule VII of the Companies Act, 2013)

Economic Development Program

- Agriculture
- Animal Husbandry
- Rural Industries and Skill Development
- Financial Inclusion
- Micro Finance

Social Development Program

- Women Empowerment
- Health including Awareness and treatment programs of Tuberculosis in rural and urban areas
- Education
- Social Security
- Local events sponsorship (Sports, Cultural and similar other)

Rural infrastructure Development Program

- Rural Economic Housing
- Village inroads
- Civic amenities

Natural Resource Management program

- Land Development
- Water Resource Development
- Alternate Energy Development

Disaster response and management program

- Disaster preparedness and prevention
- Relief operations
- Recovery measures
- Rehabilitation
- Awareness and treatment of Tuberculosis in rural and urban areas

Deeper and sustainable projects

- Setting up of Hospitals,
- Setting up Universities and similar premier institutions

Any other activities under Section 135 of the Companies Act, 2013

3.5. **Process of implementation**

3.5.1. Identification of CSR activities under identified program areas and sectors of interventions at CSRC, LHWRP and work-site levels will be undertaken through internal need-based assessment in consultation with local partners, and for specialized projects suitable external agencies may be hired, if required.

3.5.2. The preferable process of project or activity implementation will be as follows:

- Need Assessment
- Baseline survey/ Feasibility study/ Detailed Project Report (DPR)
- Project formulation and design
- Project Execution within approved time-frame and cost-frames
- Mid-term monitoring and course correction
- Project closure
- End line Survey/ Evaluation/ Impact Assessment
- Documentation of practices, processes and impacts
- Exit/ withdrawal and post project Plan
- Learning and modification in design while replication.

3.6. **Duration and scale of the program**

3.6.1. The time period/duration over which a particular program will be spread, will depend on its nature, extent of coverage and the intended impact of the program.

- 3.6.2. The programs will be classified as either be of long-term or of short-term nature according to their approved time duration.
- 3.6.3. Typically, long duration programs will be of 3 to 5 years of time- frame.
- 3.6.4. Short duration programs will have duration of one year or less.
- 3.6.5. Different programs will have different scales according to the need of the design to have maximum impact within the cost and time-frame.
- 3.6.6. Each project schedule will have in place well-thought out exit plan, withdrawal strategy and sustainability plan right at the designing and planning stage itself.

4. Budgeting, Resource Allocation and Disbursement

4.1. Definition of CSR Expenditure

- 4.1.1. CSR expenditure will include all the expenditures, direct and indirect, incurred by the Company on CSR Programs undertaken in accordance with the approved CSR Plan.
- 4.1.2. Moreover, any surplus arising from any CSR Programs shall be used for CSR. Accordingly, any income, surplus or reserves arising from CSR Programs will be netted off from the CSR expenditure and such net amount will be reported as CSR expenditure.

4.2. Approvals and disbursement

- 4.2.1. The Board-level CSRC will be the highest body to approve and disburse funds under the annual budget approved by the Board.
- 4.2.2. However, CSRC may delegate authority for approval to different bodies or persons at various levels and areas as it may deem fit for smooth and efficient fund flows to achieve maximum possible effectiveness in implementation.
- 4.2.3. The fund disbursement schedule and cash flow to implementing bodies at different levels will be planned and adhered to as per CSRC approved AAPB.

4.3. **Resource mobilization: rationale and principles**

4.3.1. Apart from the CSR budget of the Company, additional resource mobilization through local employee contribution or other CSR firms or networks will be done to have synergy, higher impact and greater scale of operations.

5. **Review and Revision of the Policy**

5.1. In case of any doubt with regard to any provision of the Policy and also in respect of matters not covered herein, reference to be made to Corporate CSR Department. In all such matters, the interpretation and decision of the CSRC shall be final.

5.2. Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the Guidelines on the subject, as may be issued from Government, from time to time.

5.3. The Company reserves the right to modify, cancel, add, or amend any of these Rules within the framework of relevant and applicable laws.

6. **Reporting and Documentation**

6.1 Initially, reporting by LHWRF will be taken up/ depended upon. All documents provided by LHWRF will be used.

6.2. **Compliance Reporting**

Mechanism will be established to disclose relevant and required information in line with the CSR reporting guidelines. Efforts will be made to go beyond compliance and achieve GRI standards of reporting.

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This CSR Policy was approved by the Board of Directors of Polynova Industries Ltd at its meeting held on December 31, 2014.
