

LUX INDUSTRIES LIMITED

Corporate Social Responsibility (CSR) Policy of Lux Industries Limited

1. Concept

Corporate Social Responsibility is strongly connected with the principles of sustainability; an organization should make decisions based not only on financial factors, but also considering the social and environmental consequences. As a Corporate Citizen receiving various benefits out of society, it is our co-extensive responsibility to pay back in return to the society in terms of helping needy people by providing foods, clothes, etc., keeping the environment clean and safe for the society by adhering to the best industrial practices and adopting best technologies, and so on. It is the Company's intent to make a positive contribution to the society in which the Company operates.

2. Short Title & applicability

This policy, which encompasses the Company's philosophy for delineating its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of the community at large, is titled as the "Lux Industries **Ltd. CSR Policy**". It has been prepared keeping in mind the Company's code of business ethics and to comply with the requirements of Companies Act, 2013 (hereinafter called as "the Act") and the Companies (Corporate Social Responsibility Policy) Rules, 2014, notified by the Ministry of Corporate Affairs vide Notification dated 27th February, 2014.

This policy shall apply to all CSR initiatives and activities taken up at the various work-centers and locations of the Company, for the benefit of different segments of the society, specifically the deprived, under-privileged and differently abled persons.

3. Policy Objective

Corporate Social Responsibility is a form of corporate self-regulation integrated into a business model. Therefore, the policy will function as a built-in, self regulating mechanism whereby the business will monitor and ensure its active compliance with the spirit of law, ethical standards and international norms.

The main objective of this Policy is to set a guiding principles for carrying out CSR activities by the Company and also to set up process of execution, implementation and monitoring of the CSR activities to be undertaken by the Company.

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4. CSR Committee

- i. Composition:
The Corporate Social Responsibility Committee (CSR Committee) shall consist of three or more directors, out of which at least one shall be an Independent Director.
- ii. Role: The Committee, referred above, shall
 - a. Formulate and recommend to the Board the CSR Policy and any amendments thereof which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act 2013;
 - b. Recommend the amount of expenditure to be incurred on the activities, as per CSR Policy;
 - c. Be responsible for implementation and monitoring of CSR projects or programs or activities of the Company.
 - d. Any other matter/thing as may be considered expedient by the members in furtherance of and to comply with the CSR Policy of the Company.
- iii. Meetings: The CSR Committee shall meet as and when deemed necessary.
- iv. Sitting Fees: The Sitting Fees for attending the meeting shall be determined from time to time by the Board of Directors.
- v. Quorum: Quorum of meeting of CSR Committee shall be one third of the total strength or two Directors, whichever is higher.
- vi. 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.

5. List of Activities/Projects

The Company shall undertake any of the following Activities/Projects or such other activities/ projects as may be notified by the Ministry of Corporate Affairs from time to time as a part of the Corporate Social Responsibility (“CSR”):

- i. Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water,

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- ii. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
- iii. 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;
- iv. 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;
- v. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries;
- vi. Promotion and development of traditional arts and handicrafts;
- vii. Measures for the benefit of armed forces veterans, war widows and their dependents;
- viii. Training to promote rural sports, nationally recognized sports, Paralympics and Olympic sports;
- ix. 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;
- x. Contribution or funds provided to technology incubators located within academic institution which are approved by the Central Government;
- xi. Rural development projects;
- xii. Any other activities in relation of the above and all other activities which forms part of CSR as per Schedule VII of the Act, 2013 (the "Act") as amended from time to time. (Collectively hereinafter referred to as "CSR Activities")

The CSR Activities shall be undertaken only in India for the benefit of the public and not only for the employees of the Company and their family. Provided that the preference shall be given to the local areas and areas where the Company operates for undertaking the CSR Activities.

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6. Quantum of Amount to be spent on CSR Activities

- i. For achieving its CSR objectives through implementation of meaningful and sustainable CSR programs, the Company will allocate 2% of its average net profits made during the 3 immediately preceding financial years as its Annual CSR Budget.
- ii. The Annual CSR Budget shall be spent on activities laid down in this Policy.
- iii. Any surplus arising and/or additional revenue generated out of CSR Activities undertaken by the Company shall not form part of the business profit of the Company and same shall be spent for undertaking any CSR Activities only.

7. Implementation of CSR Activities

- i. The Company may undertake CSR Activities through a registered trust or society or any company, established by the Company, Provided that the Company can carry out the CSR Activities through such other institutes having an established track record of 3 (three) years in undertaking the CSR Activities.
- ii. The Company may collaborate with other companies for undertaking the CSR Activities subject to fulfillment of separate reporting requirements as prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014 (the "Rules").
- iii. The scope of this policy will extend to activities as stated under Schedule VII of the Companies Act, 2013, 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.
- iv. If the Company fails to spend, the amount stated hereinabove, then reason for not spending shall be stated in the Directors Report.
- v. CSR programmes will be undertaken by various work centers i.e. Corporate office, units and other business places of the Company in India to the best possible extent within the defined ambit of the identified Project/ Program.
- vi. The time period/ duration over which a particular programme will be spread, will depend on its nature, extent of coverage and the intended impact of the programme.

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vii. The process for implementation of CSR programmes will involve the following steps :

Identification of programmes will be done by means of the following :

- (a) Need identification Studies by the Senior Management/ professional institutions/agencies.
- (b) Internal need assessment by cross-functional team at the local level.
- (c) Receipt of proposals/requests from District Administration/local Govt. etc.
- (d) Suggestions from the Board of Directors/senior management level.

viii. **Project based approach:**

The Company may follow a project based accountability approach to stress on the long term sustainability of CSR projects, where its action plan will be distinguished as '*Short-term*', *Middle-Term* & *Long Term*; qualified as

Short Term	-	6 months to 1 year
Medium Term	-	1 years to 2 years
Long Term	-	2 years and above –' <i>Flagship Programs</i> '.

While identifying long term programs, all efforts must be made to the extent possible to define the following:

- a. Program objectives
- b. Baseline survey – It would give the basis on which the outcome of the program would be measured.
- c. Implementation schedules- Timelines for milestones of the program will need to be prescribed.
- d. Responsibilities and authorities.
- e. Major results expected and measurable outcome.

8. Procedure for CSR Activities

- i. The Committee shall recommend the Board suitable CSR Activities to be undertaken during for the financial year along with the detailed plan, modalities of execution, implementation schedule, monitoring process and amount to be incurred on such activities;
- ii. The Board shall give its approval based on the recommendation of the Committee and in compliance of this Policy;

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- iii. The Committee, after approval, shall submit its report giving status of the CSR Activities undertaken, Expenditure incurred and such other details as may be required by the Board.

9. Exclusions:

- i. The CSR Activities shall not include any activity undertaken by the Company in pursuance of normal course of business of the Company.
- ii. The Company shall not make any payment directly or indirectly to Political Party(ies) for CSR Activities.
- iii. The CSR projects or programs or activities that benefit only the employees of the company and their families shall not be considered as CSR Activities in accordance with section 135 of the Act.
- iv. Any surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of the company but should be added in the CSR Fund.

10. Allied Matters

- i. With regard to CSR activities, Boards Report to state such particulars as stated under Companies (Corporate Social Responsibility) Rules, 2014.
- ii. The Company shall display such particulars relating to CSR Policy and activities undertaken thereunder as stated under Companies (Corporate Social Responsibility) Rules, 2014.

11. MONITORING AND FEEDBACK

- a. To ensure effective implementation of the CSR programmes undertaken at each work centre, a monitoring mechanism will be put in place by the work centre head.
- b. The progress of CSR programmes under implementation at work centre will be reported to corporate office on a monthly basis.
- c. Work centres will try to obtain feedback from beneficiaries about the programs implemented at the area.

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- d. Appropriate documentation of the Company's CSR Policy, annual CSR activities, executing partners, and expenditure entailed will be undertaken on a regular basis and the same will be available in the public domain.
- e. CSR initiatives of the Company will be reported in the Annual Report of the Company & the Board's Report in compliance with Section 135 and rules made thereunder.

12. GENERAL

- a. In case of any doubt with regard to any provision of the policy and also in respect of matters not covered herein, a reference to be made to CSR Committee. In all such matters, the interpretation and decision of the Committee shall be final.
- b. 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.
- c. The CSR Committee reserves the right to modify, add, or amend any of provisions of this Policy subject to approval of the Board.