Fortune Paints Private Limited

("The Company")

CORPORATE SOCIAL RESPONSIBILITY "CSR POLICY"

(Approved by the Board of Directors on **September 06, 2024**)

1. POLICY STATEMENT

Fortune Paints Private Limited (hereinafter referred to as "the Company") is committed to conducting business in a socially responsible, ethical, and sustainable manner. As a responsible corporate entity, the Company acknowledges its role in contributing to the well-being of society and environmental sustainability through Corporate Social Responsibility (CSR) initiatives.

This CSR Policy is formulated in accordance with Section 135 of the Companies Act, 2013, and the Companies (Corporate Social Responsibility Policy) Rules, 2014, and aligns with the Company's vision of social responsibility. The CSR programs shall be in line with statutory norms defined in Schedule VII of the Companies Act, 2013, or any other Acts, as applicable

Pursuant to the Companies Act, 2013, every company meeting the prescribed criteria must undertake CSR activities. This policy serves as a framework to ensure compliance and guide the Company in implementing impactful CSR initiatives.

2. CSR VISION AND MISSION STATEMENT

Vision: To contribute to the overall development of society through ethical governance and sustainable initiatives that improve education, healthcare, environment, and community well-being.

Mission: To support and implement CSR activities that create lasting social impact, enhance environmental sustainability, and promote inclusive growth.

The CSR policy aims to:

- Contribute to the social, economic, and environmental development of communities.
- Promote sustainable and inclusive growth.
- Support initiatives that have a long-lasting and positive impact on society.
- Comply with legal requirements under applicable laws

3. Definitions

a. In this Policy unless the context otherwise requires:

i. “Act” means the Companies Act, 2013, as amended from time to time.

ii. “Administrative Overheads” means the expenses incurred by the company for general management and administration of Corporate Social Responsibility functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or program.

iii. “Board” means the Board of Directors of the Company.

iv. “Company” means Fortune Paints Private Limited.

v. “CSR” means the activities undertaken by the Company in pursuance of its statutory obligation laid down in Section 135 of the Act per the provisions contained in Corporate Social Responsibility Rules, as may be notified from time to time, but shall not include the following, namely: -

• activities undertaken in pursuance of the normal course of business of the Company.

• any activity undertaken by the Company outside India except for training of Indian sports personnel representing any State or Union territory at the national level or India at the international level.

• contribution of any amount directly or indirectly to any political party under Section 182 of the Act.

• activities benefitting employees of the Company as defined in clause (k) of Section 2 of the Code on Wages, 2019 (29 of 2019)

• activities supported by the Companies on a sponsorship basis for deriving marketing benefits for its products or services.

• activities carried out for the fulfilment of any other statutory obligations under any law in force in India.

vi. "CSR Committee" means Corporate Social Responsibility Committee of the Company constituted by the Board.

vii. "CSR Rules" means Companies (Corporate Social Responsibility Policy) Rules, 2014 and amendments thereon.

viii. "CSR Policy" means this Policy. ix. "CSR Expenditure" shall include all expenditures including contribution to the corpus, for projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee.

x. "Net profit" shall have the meaning ascribed to it in the Act.

xi. "Ongoing Project" means a multi-year project undertaken by the Company in fulfilment 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. b. Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Act or the Rules made thereunder, as may be amended from time to time, shall have the meaning respectively assigned to them therein.

4. FOCUS AREAS

The Company will carry on its CSR activities in areas or subjects as prescribed under Schedule VII of the Act, as amended from time to time. An illustrative list of such areas or subjects is outlined below:

(i) 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.

(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, daycare centers, and 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, agroforestry, conservation of natural resources, and maintaining quality of soil, air, and water including contribution to Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.

(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; promotion and development of traditional arts and handicrafts.

(vi) Measures for the benefit of armed forces veterans, war widows, and their dependents; Central Armed Police Forces (CAPF) and Central Paramilitary Forces (CPMF) veterans, and their dependents including widows.

(vii) Training to promote rural sports, nationally recognized sports, Paralympic sports, and Olympic sports.

(viii) Contribution to the Prime Minister's National Relief Fund or any other fund including Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES 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.

(ix) 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.

(x) 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 Defence 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).

(xi) rural development projects.

(xii) slum area development.

(xiii) disaster management, including relief, rehabilitation, and reconstruction activities.

(xiv) Any other activity as may be specified under the Act or the CSR Rules from time to time.

b) The Company's CSR projects and programs will be undertaken by the Company either by itself or jointly with other organizations.

c) The Company encourages its employees, their family and friends, civic organizations, and volunteers to participate in its CSR Project activities. The CSR projects and programs may also be implemented through registered public charitable trusts or a registered society, registered under Sections 12A and 80G of the Income Tax Act, 1961, companies established under Section 8 of the Act (corresponding to Section 25 of the Companies Act, 1956) and/or through any implementing entity as permitted under the Act and CSR Rules.

5. INVOLVEMENT OF MANAGEMENT & EMPLOYEES

The spirit of CSR extends beyond compliance and involves the active participation of management and employees. The Secretarial Department will manage CSR activities, while the Finance and HR teams will maintain documentation and ensure proper implementation. The CSR Committee shall oversee and coordinate the execution of CSR programs.

6. RESPONSIBILITIES OF THE BOARD

The Board of Directors will be responsible for:

Constituting the CSR Committee and approving the CSR Policy.

- Taking into account CSR Committee recommendations and approving the CSR strategy and activities.
- Approving the Annual Action Plan and making necessary amendments.
- Ensuring that CSR funds are effectively utilized and CSR initiatives are implemented as per policy.
- Monitoring CSR performance and disclosing relevant details in the Annual Report.
- Justifying any unspent CSR funds as per statutory requirements.
- Ensuring that any surplus arising out of CSR activities is not considered as business profit.

7. CSR COMMITTEE & ITS ROLE

The CSR Committee shall comprise three directors appointed by the Board if constitution of committee is required by the provisions of Companies act 2013. The Committee's key responsibilities include:

- Formulating and recommending the CSR Policy in line with Section 135 of the Companies Act, 2013.
- Identifying CSR activities as per Schedule VII of the Act.
- Recommending the amount of CSR expenditure.
- Developing an Annual Action Plan and recommending changes as needed.
- Monitoring and evaluating the implementation of CSR projects.
- The annual action plan includes the following broad parameters or such other matters as may be required by the Act or Board:
  I. the list of CSR projects or programs that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act.
  II. the manner of execution of such projects or programs as specified in the CSR Rules.
  III. the modalities of utilization of funds and implementation schedules for the projects or programs.
  IV. monitoring and reporting mechanisms for the projects or programs; and
  V. Details of need and impact assessment, if any, for the projects undertaken by the Company. Provided that the Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee based on the reasonable justification to that effect.

8. Frequency of the Meetings of the CSR Committee

The CSR Committee shall meet at least **once in a quarter**. Members of the CSR Committee can agree upon mutually regarding time and place for the said meetings. Quorum for the meeting should be two. The Members of the Committee may participate in the meeting either in person or through video conferencing or other audio visual means in accordance with the provisions of the Companies Act, 2013 and rules made thereunder from time to time. Members of the Living Progress Team of HP shall be the Permanent Invitees to the said Meeting. Other Members of the Senior Management may attend the CSR Committee Meetings as may be appropriate, subject to the approval of the CSR Committee. Minutes of the CSR Committee shall be placed before the Board for noting.

9. CSR FUNDING & EXPENDITURE

- The Company shall allocate at least **2% of the average net profits** of the last three financial years for CSR activities, as per legal requirements.
- CSR expenditure shall not include expenses incurred in the normal course of business.
- Surplus arising out of CSR activities shall not be part of business profits but shall be reinvested in CSR projects.

10. Failure to spend the CSR Money

- If the company fails to spend the prescribed CSR amount during any FY and such unspent amount pertains to any ongoing project, the company shall transfer the unspent amount to a special bank account to be opened by the company in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account within a period of thirty days from the end of the financial year.

- The company would be required to spend that amount within three financial years from the date of such transfer. If a company fails to do so, it shall transfer the final balance of the unspent amount to a Fund specified in Schedule VII of the Companies Act, 2013 within thirty days from the date of completion of the third financial year.

- If the company fails to spend the prescribed CSR amount other than on an ongoing project, then the Board shall transfer such unspent amount to a Fund specified in Schedule VII of the Companies Act, 2013 within a period of 6 months of the expiry of the financial year.

11. IMPLEMENTATION & MONITORING

- CSR activities may be implemented directly by the Company, through registered trusts, NGOs, or government institutions as per Rule 4 of The Companies (Corporate Social Responsibility Policy) Rules, 2014.
- A structured framework shall be established to evaluate the effectiveness of CSR initiatives.
- Annual CSR reports shall be prepared and disclosed in the Board's Report as per statutory requirements.
- Monitoring is to be done periodically on key performance indicators- timelines, utilization of funds, targets, qualitative and quantitative impact, etc. depending on the nature and need of the CSR project. d. Continuous feedback mechanism plays a pivotal role in monitoring to plan out the mid-course correction in implementation, whenever required.
- If the projects are being implemented by an implementation agency, the program management team may in consultation with the CSR Committee designate special executives for monitoring of the CSR projects. f. The monitoring and evaluation may also be assigned by the CSR program management team to an independent external agency for the sake of objectivity and transparency. The periodic report concerning the status of CSR activities should be submitted to the CSR program management team and thereon to the CSR Committee.

12. Accounting and Auditing

Company will follow the accounting and auditing Guiding note/standards duly approved/laid down by the Ministry of Corporate Affairs in India or by the prescribed regulatory authority and for other geographies, it will be aligned to local requirements and compliances.

13. Disclosure

Company will comply with all the statutory guidelines, issued on the subject ensuring that it makes full disclosure of its CSR activities in the Annual Report as mentioned in the Act/ Rules. The Company's engagement in this domain shall be disseminated on its website, annual reports, and/or its in-house journals as and when deemed fit. The Company shall disclose the composition of the CSR Committee, the CSR Policy, and the Projects approved by the Board on its website. CSR annexure in the Annual Report, web link of the Policy along with salient features of the Policy, and details of change (if any) during the financial year, shall be disclosed in the Board's report.

14. REVIEW & AMENDMENTS

The CSR Policy shall be periodically reviewed and amended by the Board based on recommendations from the CSR Committee or as per changes in the law. This policy is approved and adopted by the Board of Directors of Fortune Paints Private Limited.

15. ANNUAL ACTION PLAN

The CSR Committee shall develop and recommend an Annual Action Plan, which shall include:

- The list of approved CSR projects and programs.
- The execution plan, including funding mechanisms.
- A monitoring and impact assessment framework.
- Reporting mechanisms and required disclosures.

16. GENERAL GUIDELINES

- The CSR Policy shall be reviewed periodically and amended based on regulatory changes and strategic goals.
- The Board reserves the right to modify, cancel, or amend any provisions with the CSR Committee's approval.
- In case of ambiguity, the interpretation and decision of the CSR Committee shall be final.

17. CONCLUSION

Fortune Paints and chemicals Limited is committed to implementing meaningful CSR programs that contribute to the sustainable development of society. The Company will strive to make a significant difference through initiatives in education, healthcare, environmental sustainability, and community welfare.

For FORTUNE PAINTS PRIVATE LIMITED

Sd/-
Anil Kondoth
Director