

CORPORATE SOCIAL RESPONSIBILITY POLICY

1. PREFACE

- i. This 'Corporate Social Responsibility Policy' (the Policy) of Kirloskar Industries Limited (KIL / the Company) was adopted by the Board of Directors of the Company vide its resolution dated 16 October 2014, pursuant to the provisions of Section 135 of the Companies Act, 2013, (the Act), read with the Companies (Corporate Social Responsibility) Rules, 2014, which was effective from 16 October 2014.
- ii. In view of the Companies (Corporate Social Responsibility) Amendment Rules, 2021, (the Amendment Rules), the Policy has been amended by the Board of Directors of the Company vide its circular resolution dated 23 March 2021 and the revised Policy shall be effective from 1 April 2021.

2. INTRODUCTION AND BACKGROUND

The Kirloskar Group of Companies (hereinafter referred to as 'the Group') enjoys a legacy of over a century of making a positive difference in the areas of socio – economic development of the less privileged communities and other stakeholders, by being a responsible business house through adoption of appropriate business processes and strategies and by carrying out various initiatives in pursuit of its social obligations towards benefiting society at large in the vicinity of all locations of the manufacturing plants / regional offices of the respective entities in the Group, areas where entities of the Group operate as well as in other locations in India.

The focus of Corporate Social Responsibility (CSR) activities of the Group includes *inter-alia* Education, Environment and Health with the intention of integrating these objectives with those of the operations of each entity in the Group.

In addition to undertaking direct CSR activities, the entities in the Group have a philosophy of built-in, self-regulating mechanism whereby each entity monitors and ensures its active compliance with the spirit of the law, ethical standards, national and international norms.

3. CSR ACTIVITIES CARRIED OUT BY THE COMPANY

In terms of the Group philosophy, KIL (earlier known as Kirloskar Oil Engines Limited ['KOEL'] till 31 March 2010), has kept up its tradition of being a friend of the community by actively conducting its CSR activities in the Education, Health and Environment sectors, by way of contribution to / participation in various initiatives in these sectors carried out by well-established entities in these sectors.

4. OBJECTIVE OF THE CORPORATE SOCIAL RESPONSIBILITY POLICY (CSR POLICY / POLICY) OF THE COMPANY

The Objectives of this Policy are:

- i. To establish guidelines for compliance with the provisions of Section 135 of the Act, read with the Rules thereunder, as may be amended from time to time, to dedicate a percentage of the Company's profits for initiatives towards CSR activities.
- ii. To ensure the implementation of CSR activities in letter and spirit through appropriate procedures and reporting.
- iii. To establish guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan.

5. IMPLEMENTATION OF CSR IN THE COMPANY

A. TOTAL OUTLAY FOR ANNUAL ACTION PLAN

- i. The Company shall spend at least 2% (two percent) of the average net profits, calculated in accordance with the provisions of the Act read with the Rules thereunder, (as may be amended from time to time), made by it in the 3 (three) immediately preceding financial years, in every financial year, or such other percentage or amount as may be prescribed by law from time to time.
- ii. Any surplus arising out of any of the CSR activities carried out by the Company will not be treated as part of the business profits of the Company.
- iii. Where the Company spends an amount in excess of the requirement, such excess amount may be set off as per the provisions of the Act read with Rules thereunder, as may be amended from time to time.

B. DISTRIBUTION OF FUNDS TO BE EXPENDED EVERY FINANCIAL YEAR

- i. The Group has established following entities having, *inter alia*, the objectives of Education, Environment and Health:

Sr. No.	Name of the entity
1	Kirloskar Foundation
2	Kirloskar Institute of Advanced Management Studies
3	S.L. Kirloskar CSR Foundation

- ii. Out of the total eligible funds for CSR activities in each financial year, all or majority of the funds may be expended through one or more of the above, provided however that these entities obtain the unique CSR registration number.
- iii. The balance funds, if any, may be used to undertake one or more of the CSR activities permitted under Schedule VII of the Act, as may be amended from time to time.

- iv. The Company may undertake projects under this Policy, which may require a period longer than the financial year in which they were approved, to be implemented. Such projects may be completed within 3 years after the financial year in which they were commenced and shall include such projects that were initially not approved as multi-year projects but whose duration extended beyond one year by the Board of Directors of the Company, based on reasonable justification.
- v. The Company may expend funds under the limits of CSR expenditure on administrative overheads. However, such expenditure on administrative overheads shall not exceed 5% of the total expenditure of the Company on CSR, for a financial year.
- vi. The Company may spend limits available for expending on CSR, for creation or acquisition of capital assets which shall be held by an entity having a unique CSR registration number.

C. MODALITIES AND PROCESS OF IMPLEMENTING CSR ACTIVITIES

- i. The Company will implement its CSR initiatives primarily in the sectors of Education, Environment and Health through entities as listed out in Clause B(i) of the Policy, or such other entities having a unique CSR registration number, as may be decided by the Board, on the recommendation of the Committee, to implement CSR initiatives in these areas.
- ii. The Company may also undertake CSR activities in partnership with other Group Companies, through entities as listed out in Clause B(i) of the Policy, or such other entities having a unique CSR registration number, as may be decided by the Board, on the recommendation of the Committee. However, the Company may undertake these CSR activities in such manner that the Committee of respective companies are in a position to report separately on such CSR activities in accordance with the provisions of the Act read with Rules thereunder, as may be amended from time to time.
- iii. On the recommendation of the Committee, the Board shall approve an Annual Action Plan including the amount of eligible expenditure to be incurred on the activities referred in this Policy or the Act, as may be amended from time to time.

(Explanation: An Annual Action Plan in pursuance of its CSR Policy, which shall include the following, viz.:

- (a) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;*
 - (b) the manner of execution of such projects or programmes;*
 - (c) the modalities of utilization of funds and implementation schedules for the projects or programmes;*
 - (d) monitoring and reporting mechanism for the projects or programmes; and*
 - (e) details of need and impact assessment, if any, for the projects undertaken by the Company.)*
- iv. The Board may, at any time, alter the Annual Action Plan during the financial year, on the recommendation of the Committee, based on the reasonable justification to that effect.

- v. The Committee may engage national / international organization/s for designing, monitoring and evaluation of the CSR projects or programmes as per the Policy as well as for capacity building of their own personnel for CSR.
- vi. The Chief Financial Officer shall certify that the funds so disbursed have been utilized for the purposes and in the manner as approved by the Board of Directors, on a quarterly basis.
- vii. The Executive Director of the Company shall submit a half - yearly report to the Committee, within 30 days from the end of the half-year, setting out details of CSR activities undertaken, in the prescribed format.
- viii. The Committee may authorize the Executive Director to perform following functions:
 - 1. where required, create a working group to develop the CSR Commitments of the Company;
 - 2. include employees in the process of implementing the Annual Action Plan being carried out by the Company;
 - 3. create a CSR working group or hold a contest for the best suggestions, encouraging employees and their representatives to put some thought into their submissions;
 - 4. review the CSR priorities to determine which codes of ethics or conduct fit best with the firm's goals.

D. MONITORING CSR ACTIVITIES

- i. The Committee shall be responsible for monitoring the Policy from time to time.
- ii. The Committee shall approve and recommend to the Board, the projects or programs to be undertaken, the modalities of execution and implementation schedule from time to time.
- iii. In case of ongoing projects, the Board shall be responsible for monitoring the implementation of the project with reference to the approved timelines and year wise allocation and also to make modifications, if any, for smooth implementation of the project within the overall permissible time period.

5. GENERAL

Any or all provisions of the Policy would be subject to revision/ amendment in accordance with the guidelines on the subject as may be issued from the Government from time to time or as decided by the Board of Directors of the Company.

For Kirloskar Industries Limited

Sd/-

**ATUL KIRLOSKAR
CHAIRMAN**

Date: 23 March 2021

Place: Pune