

# **CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY OF KIRLOSKAR PNEUMATIC COMPANY LIMITED (KPCL)**

## **1. PREFACE**

This 'Corporate Social Responsibility Policy' (CSR Policy) of Kirloskar Pneumatic Company Limited (KPCL / the Company) was adopted by the Board of Directors of the Company vide its resolution dated 23 April, 2014, pursuant to the provisions of Section 135 of the Companies Act, 2013, (the Act), read with the Companies (Corporate Social Responsibility) Rules, 2014, as amended from time to time.

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 resolution dated 3 March, 2021 and the revised Policy shall be effective from 1 April, 2021.

## **2. OVERVIEW**

The Kirloskar Group (hereinafter referred as 'the Group') of Companies 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 towards its social obligations benefiting society at large, at any location in India and more particularly in the vicinity of locations of the manufacturing plants / offices of the respective entities in the Group, where entities of the Group operate.

The focus of CSR activities of the Group includes *interalia* Education, Environment and Health with the intention of integrating these objectives with those 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 laws, ethical standards in addition to national and international norms.

## **3. CSR ACTIVITIES CARRIED OUT BY THE COMPANY**

In terms of the Group philosophy, KPCL 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.

## **4. OBJECTIVES**

The Objectives of this Policy are:

- a) To frame guiding principles for selection, implementation and monitoring of CSR activities.
- b) To formulate annual action plan of the Company's CSR activities

- c) To ensure the CSR activities comply with the provisions of Section 135 of the Act, read with the Rules thereunder, as may be amended from time to time.

**5. DISTRIBUTION OF FUNDS TO BE EXPENDED EVERY FINANCIAL YEAR**

- a) 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

- b) 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.
- c) 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.
- d) The Company may undertake projects under this Policy for implementation, which may require a period longer than a financial year in which they were approved. Such projects may be completed within 3 years after the financial year in which they were commenced and shall include such projects those 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.
- e) 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.
- f) 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.

**6. GUIDELINES FOR SELECTION, IMPLEMENTATION, MONITORING AND FORMULATION OF ANNUAL ACTION PALN OF CSR ACTIVITIES AT KIRLOSKAR PNEUMATIC COMPANY LIMITED**

**A. SELECTION / FOCUS AREAS**

The provisions of Schedule VII of the Companies Act, 2013 require companies to direct their CSR initiatives towards the areas stated therein. In line with these requirements, KPCL will *inter alia* focus on:

## a) EDUCATION

Schedule VII provides CSR activities to be directed, inter alia, towards promoting education especially among children and the differently abled students, etc. KPCL therefore may

- Contribute towards expenses related to activities for promoting education such as donations to Kirloskar Institute of Advanced Management Studies, etc.
- Support educational needs of socio-economically challenged students by way of providing educational material, appliances to facilitate education including remote education, financial or in kind aid, etc.
- Support overall development of socio-economically challenged students through curricular and extra-curricular skill enhancement activities such as academic classes, workshops, personality development programs, etc.

## b) ENVIRONMENT

Schedule VII provides CSR activities to be directed, inter alia, towards ensuring environmental sustainability, ecological balance, protection of flora and fauna, maintaining quality of water, etc. KPCL therefore may

- Create awareness amongst students and society at large through various activities and undertake suitable projects about environmental sustainability such as river restoration, waste management, etc.

## c) HEALTH

Schedule VII provides CSR activities to be directed, inter alia, towards promoting healthcare including preventive health care and sanitation, etc. KPCL therefore may

- Create awareness related to water, sanitation and hygiene for students and provide necessary support to schools in these areas;
- Organize preventive health check and awareness programs for students, teachers and general community and provide relevant support for this purpose;
- Create HIV AIDS awareness through workshops and campaigns for students, general community and support people Living with HIV.

**d) To undertake other CSR Activities in compliance with Schedule VII of the Companies Act, 2013, including amendments thereunder from time to time.**

## **B. IMPLEMENTATION, MONITORING AND FORMULATION OF ACTION PLAN**

- i. The Company in **every financial year**, shall spend at **least 2 % (two percent) of the average net profits** of the Company made during the 3 immediately preceding financial years, or such other percentage or amount as may be prescribed by law from time to time, specifically towards CSR activities

For this purpose, the net profit shall be calculated in accordance with the provisions of the Companies Act, 2013, including rules made thereunder and amendments thereof.

- 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 KPCL in any financial year spends an amount in excess of the requirement of aforesaid 2%, such excess amount can be set off as per the provision of the Companies Act, 2013 and Rules issued thereunder, as may be amended from time to time.
- iv. The Board shall approve the Annual Action Plan having the list of CSR activities, eligible expenditure to be incurred on CSR activities, modalities of utilization of funds, implementation schedule, etc. on the recommendation of CSR Committee in the beginning of every financial year.
- v. The Executive Director or Managing Director of the Company is authorised to perform following functions:
  - appoint one or more employees / persons for implementing & monitoring the CSR Activities
  - encourage employees in the process of implementing the CSR activities being carried out by the Company.
  - where required, create a working group to develop the CSR Commitments of the Company;
- vi. The Executive Director or Managing Director of the Company shall take review of CSR Activities in its periodical meetings
- vii. The CSR Committee shall take periodical review of CSR Activities carried out during the financial year and report to the Board. Upon review of CSR Activities, the Board may alter Annual Action Plan at any time during the financial year on the recommendation of the CSR Committee
- viii. The annual report in the prescribed format shall be laid before the CSR Committee by the Managing Director for its approval and recommending to the Board.
- ix. The Board on the basis of certification provided by Chief Financial Officer of the Company shall review annual CSR activities pursued and amounts spent thereon and approve the same.
- x. The Board shall report to the Shareholders its CSR activities in the prescribed format.

#### **4. 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 by the Government from time to time or as decided by the Board of Directors of the Company.

For Kirloskar Pneumatic Company Limited

s/d

Rahul C. Kirloskar  
Executive Chairman

Place: Pune  
Date: 3 March 2021