



Kabra ExtrusionTechnik Limited

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CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

1. CSR Philosophy

Kabra Extrusiontechnik Ltd. (KET) strives to be a socially responsible company and strongly believes in development of society at large.

2. Objective

The objective of this Policy is to set guidelines 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.

3. CSR Obligations

Pursuant to Section 135 of the Companies Act, 2013 (Act) and Companies (Corporate Social Responsibility Policy) Rules, 2014 (Rules) and Schedule VII appended to said Act and Circular issued by the Ministry of Corporate Affairs (Collectively referred hereinafter as "Regulations") every company having net worth of Rs. 500 crore or more or turnover of Rs. 1000 Crores or more or a net profit of Rs. 5 Crores or more during any financial year shall constitute a Corporate Social Responsibility Committee (CSR Committee) of the Board consisting of three or more directors, out of which at least one director shall be an independent director.

4. Definitions

In this Policy, unless the context otherwise requires:

- (a) 'Act' means Companies Act, 2013;
- (b) 'Corporate Social Responsibility' means Corporate Social Responsibility (CSR) as defined in Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014;
- (c) 'Financial Year' referred under sub-section (1) of Section 135 of the Act read with Rule 3(2) of Companies CSR Rule, 2014 implies 'any of the three preceding financial years'
- (d) 'Net Profit' means net profit as defined in Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014 as set out below :

Net Profit as per financial statements prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely :

- (i) any profit arising from any overseas branch or branches of the Company, whether operated as a separate company or otherwise; and
- (ii) any dividend received from other companies in India, which are covered under and complying with the provisions of Section 135 of the Act

(e) Words and expressions used in this CSR Policy and not defined herein but defined in the Act shall have the meaning respectively assigned to them in the Act.

5. Composition of CSR Committee

In compliance of above Regulations, Board of Directors of the Company has constituted CSR Committee consisting of following three directors:

| Sr. No. | Name | Position | Category |
|----------------|---------------------------|-----------------|------------------------|
| 1. | Mr. Shreevallabh G. Kabra | Chairperson | Executive Director |
| 2. | Mr. Satyanarayan G. Kabra | Member | Non-Executive Director |
| 3. | Mr. Bajrang L. Bagra | Member | Independent Director |

6. Role of CSR Committee

In terms of Section 135(3) of the said Act, the CSR Committee shall :

- (a) Formulate and recommend to the Board, a CSR Policy;
- (b) Recommend to the Board CSR activities to be undertaken by the Company as specified in Schedule VII appended to the Act during any financial year along with detailed plan, modalities of execution, implementation schedule, monitoring process and amount to be incurred on such activities;
- (c) Monitor the CSR Policy of the Company from time to time and ensure its compliance
- (d) Submit to the Board half-yearly report giving status of the CSR activities undertaken, expenditure incurred and such other details as may be required by it.

7. Board's approval to CSR Policy

The Board of Directors of the Company has accorded its approval to the policy on Corporate Social Responsibility.

8. Governance

- (i) The CSR Committee is responsible for monitoring of all CSR activities from start to finish;
- (ii) Programs to be supported via CSR will be selected by it through a transparent process and it shall institute a transparent monitoring mechanism for implementation of the CSR activities undertaken by the Company.

9. CSR Activities

The Policy recognizes that corporate social responsibility is not merely compliance; it is a commitment to support initiatives that measurably improve the lives of underprivileged by one or more of the following focus areas as notified under Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014:

- (i) Eradicating hunger, poverty & malnutrition, promoting health care including preventive health care & sanitation including contribution to the SWACHH BHARAT KOSH set-up by the Central Government for promotion of sanitation and making available safe drinking water;
- (ii) Promoting education, including special education & employment enhancing vocational skills especially among children, women, elderly & the differently-abled and livelihood enhancement projects;
- (iii) Promoting gender equality, empowering women, setting up homes & hostels for women & orphans, setting up old-age homes, day care centres & such other facilities for senior citizens & measures for reducing inequalities faced by socially & economically backward groups;
- (iv) Reducing child mortality and improving maternal health by providing good hospital facilities and low cost medicines;
- (v) Providing with hospital and dispensary facilities with more focus on clean and good sanitation so as to combat human immunodeficiency virus (HIV), acquired immune deficiency syndrome (AIDS), malaria and other diseases;
- (vi) Ensuring environmental sustainability, ecological balance, protection of flora & fauna, animal welfare, agro-forestry, conservation of natural resources & maintaining quality of soil, air & water, including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;
- (vii) Employment enhancing vocational skills;
- (viii) Protection of national heritage, art & culture including restoration of buildings & sites of historical importance & works of art, setting up of public libraries, promotion & development of traditional arts & handicrafts;

- (ix) Measures for the benefit of armed forces veterans, war widows & their dependents;
- (x) Training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports;
- (xi) 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;
- (xii) Contributions or funds provided to technology incubators located within academic institutions, which are approved by the Central Government;
- (xiii) Rural development projects
- (xiv) Any such activities which may be recognized by the Ministry of Corporate Affairs from time to time for the purpose of CSR activities as prescribed in Schedule VII of the Companies including, but not limited to the following:
 - (a) Educating the masses and promotion of Road Safety awareness in all facets of road usage, consumer education and awareness programs;
 - (b) Giving medical and legal aid, trauma care and treatment to road victims, providing disaster relief, aids and appliances to the differently-able persons;
 - (c) Slum re-development and enabling access to or improving the delivery of public health systems. The term "Slum area" shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force. This explanation is added by MCA vide notification dt. 06.08.2014.

CSR activities shall be undertaken as projects, programs of activities (either new or ongoing) excluding activities undertaken in pursuance of the normal course of business of the Company.

10. The Geographical reach

Regulations provide that 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. It further provides that the Company shall give preference to the local area and areas around it where it operates for spending the amount earmarked for CSR.

11. CSR Expenditure

11.1 The Company would spend at least 2% (two percent) of the average Net Profits of the Company made during the three immediately preceding financial years. The surplus arising out of the CSR activity will not be part of business profits of the Company.

The Corpus would thus include the 2% of average net profits, as aforesaid, any income arising there from and surplus arising out of CSR activities.

- 11.2 The Company may build CSR capacities of its personnel and/or those of its implementing agencies through Institutions with established track records of at least three financial years but such expenditure including expenditure on administrative over-heads shall not exceed five percent of total CSR expenditure of the Company in one financial year.
- 11.3 However, if the Company ceases to be covered under sub-section (1) of Section 135 of the Act for three financial years, then it shall not be required to, comply with the provisions laid down under sub-section (2) to (5) of the said section, till such time it meets the criteria specified in sub-section (1) of the Act.
- 11.4 CSR activities should be undertaken by the Companies in project / programme mode (as referred in Rule 4(1) of Companies CSR Rules, 2014). One-off events such as marathons / awards / charitable contribution / advertisement / sponsorships of TV programmes etc. would not be qualified as part of CSR expenditure.
- 11.5 Expenses incurred by companies for the fulfillment of any Act / Statute of regulations (such as Labour Laws, Land Acquisition Act etc.) would not count as CSR expenditure under the Companies Act.
- 11.6 Contribution to Corpus of a Trust / Society / Section 8 companies etc. will qualify as CSR expenditure as long as (a) the Trust / Society/ Section 8 companies etc. is created exclusively for undertaking CSR activities or (b) where the corpus is created exclusively for a purpose directly relatable to a subject covered in Schedule VII of the Act.

12. CSR Funding

As per the Regulations, the Company will set aside for annual CSR activities, an amount equal to 2% of the average Net Profits of the Company made during the three immediately preceding financial years. Any unutilized CSR allocation of a particular year, will be carried forward to the following year.

Provided that all reasonable efforts will be made to ensure that the annual CSR allocation is fully utilized in the respective year. However, if the Company fails to spend such amount, the Board of Directors shall, in its report under clause (o) of sub-section (3) of Section 134 of the Act, shall specify the reasons for not spending the amount.

13. Implementation of CSR activities

- (i) The Company may undertake CSR activities through a registered trust or society or any company, established by the Company, its

holding or subsidiary company under Section 8 of the Act for such non-for-profit objectives.

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 Regulations
- (iii) The CSR activities shall not include any activity undertaken by the Company in pursuance of normal course of business of the Company
- (iv) The Company shall not make any payment directly or indirectly to Political Party(ies) for CSR activities.

14. Reporting

The Company shall disclose in its Board Report in the manner prescribed under the Companies Act, 2013 and Companies (Accounts) Rules, 2014 in respect of :

- (a) Composition of CSR Committee
- (b) Contents of CSR Policy and shall place it on its website
- (c) Reasons for not spending the CSR amount
- (d) CSR initiatives undertaken by the Company and amount spent.

15. Tax Treatment

Tax treatment of CSR spent will be in accordance with the Income Tax Act, 1961 as may be notified by Central Board of Direct Taxes (CBDT).

16. Amendment

This Policy shall be subject to the amendments which may be made to any or all of the following regulations -

- (i) Section 135 of the Companies Act, 2013;
 - (ii) Schedule VII to the said Act;
 - (iii) Companies (Corporate Social Responsibility Policy) Rules, 2014
- by any General Circular, notification, corrigendum issued by the Ministry of Corporate Affairs from time to time.

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