

**Kurlon Enterprise Limited**  
**Corporate Social Responsibility Policy**

**Kurl-on<sup>®</sup>**

[www.kurlon.com](http://www.kurlon.com)

## Table of Contents

<b>Preface</b> .....	<b>3</b>
<b>Objective</b> .....	<b>3</b>
<b>Focus Area</b> .....	<b>3</b>
<b>CSR Activities , Projects &amp; programme</b> .....	<b>3</b>
<b>Qualifications &amp; Exclusions</b> .....	<b>4</b>
<b>Modalities of Execution</b> .....	<b>4</b>
<b>Principal for Implementation and Monitoring</b> .....	<b>5</b>
<b>Treatment of Surplus &amp; Unspent</b> .....	<b>5</b>
<b>CSR Expenditures</b> .....	<b>6</b>
<b>Composition of CSR Committee</b> .....	<b>6</b>
<b>Responsibility of the Committee</b> .....	<b>6</b>
<b>Budget</b> .....	<b>7</b>
<b>CSR Disclosure</b> .....	<b>7</b>
<b>Effective Date</b> .....	<b>7</b>
<b>Annexure</b> .....	<b>7</b>

“Connecting people  
changing lives”

**OUR MISSION**

“We empower local communities to alleviate poverty by creating opportunities and a sustainable environment thereby bringing joy and comfort”

**1. PREFACE** Corporate Social Responsibility (CSR) is the way and mean through which corporates can repay the obligations made by the Society by contributing the resources in its various forms as required for the efficient operation of the Business. Corporate Social Responsibility is strongly connected with the principles of sustainability. Organization should make decisions based not only on financial or operational factors, but also on the social and environmental consequences. Therefore, it is the core corporate responsibility of Kurlon to practice its corporate values through its commitment to grow in a socially and environmentally responsible way, while meeting the interests of its stakeholders.

## **2. OBJECTIVE**

The objective of the Corporate Social Responsibility (CSR) policy ("Policy") of Kurlon Enterprises Limited ("KEL" or "Company") is to lay down guidelines for proper execution of CSR activities of the Company so as to support the sustainable development of the society. Major objectives are:

- To outline the development areas in which the Company shall get involved in.
- To define governance structure for CSR management within the Company.
- Serve as a guiding document aiding in identification, execution and monitoring the CSR projects.
- Describe the treatment of surpluses & deficits from CSR activities.
- Decide on the proper execution of annual action plan for each financial year.

## **3. FOCUS AREA**

- I. Health Water & Sanitation
- II. Promotion of Education
- III. Skill development & livelihood
- IV. Environment protection & sustainability

## **4. CSR ACTIVITIES, PROJECTS AND PROGRAMMES**

(a) The CSR activities, projects and programmes that will be undertaken by the Company shall be those as may be approved by the committee that will be constituted / reconstituted by the Board of Directors of the Company in this regard (CSR Committee). The CSR Committee will approve the undertaking of such activities, projects and programs as are covered under the following areas set out in Schedule VII of the Companies Act, 2013:

- i. eradicating hunger, poverty and malnutrition, promoting healthcare including preventive health care and 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, 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, promotion and development of traditional arts and handicrafts;
- vi. measures for the benefit of armed forces veterans, war widows and their dependents;
- vii. training to promote rural sports, nationally recognized sports, Paralympics' sports and Olympic sports; and
- viii. Rural development projects.
  - ix. disaster management, including relief, rehabilitation and reconstruction activities
- x. Slum area development
- xi. COVID-19 related activities

(b)The Committee, at its discretion, approve a 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.

(c)The Committee, at its discretion, may approve a contribution to technology incubators located within the academic institutions approved by the Central Government.

(d)While approving the CSR activities, the Committee shall give preference to the local area where the Company operates, for spending the amounts earmarked for CSR activities.

## **5. Qualifications and Exclusions**

- a. Activities undertaken in pursuance of normal course of business of the Company shall not be considered as CSR activity under the Policy.
- b. Contributions of any amount directly or indirectly to any political party shall not be considered as CSR activity under the Policy.
- c. Only those CSR activities, projects or programs that are undertaken in INDIA shall qualify as CSR activities under the Policy.
- d. Activities, projects or programs that benefit only the employees of the Company and their families shall not be considered as CSR activity under the Policy.
- e. One-off events such as marathons/ awards/ charitable contributions/ advertisements/ sponsorships of TV programmes etc., shall not be considered as part of CSR expenditures under the Policy.
- f. Expenses incurred for fulfilling the requirements of any statute, shall not be counted as CSR expenses under the Policy.

## **6. Modalities for execution**

The approved CSR activities, projects and programmes shall be carried out in any of the following ways as the CSR Committee in its absolute discretion may decide. The CSR Committee may decide to

use any one or all or a combination of any of the following ways to undertake the said CSR activities, projects and programmes:

- a) a Section 8 company, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961, established by the company, either singly or along with any other company or having an established track record of at least 3 years in undertaking similar activities; or
- b) a Section 8 company or a registered trust or a registered society, established by the Central Government or State Government; or
- c) Any entity established under an Act of Parliament or a State legislature

In the event the CSR activities are undertaken by the entities listed in (a) , (b) and/or (c) above, the Committee shall specify the activities, projects or programs that are to be undertaken, the modalities for utilization of funds on such projects and programs and the monitoring and reporting mechanisms to be followed in that regard. The company must see CSR Form-1 registration of agency with MCA & Registration no with proper due-diligence.

## **7. Principal for Implementation and Monitoring**

The Board either itself or through its CSR Committee, shall ensure that the CSR implementation and monitoring undertaken properly:-

- a) The selection of implementing agencies required would be done following the due-diligence process at Kurlon Enterprises Limited and also ensure the CSR Registration Number with central government.
- b) The Board of a company shall satisfy itself that the funds so disbursed have been utilized for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect
- c) Every year an action plan will be done in pursuance to our CSR Policy. The CSR committee will ensure the action plan are implemented in timely manner within the same financial year
- d) Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee.
- e) Regularly reviewing the CSR Projects / Programmes will be ensured by CSR Committee and Board.
- f) The implementation schedule for each approved activity, project or programme shall also be approved by the CSR Committee and all such activities, projects and programmes will be accordingly monitored by the CSR Committee.
- g) A report on a periodic basis, as may be desired by the Board, shall be provided to the Board by the CSR Committee.
- h) Board will also ensure that CSR annual report to be included in the Board Report

## **8. Treatment of Surplus & Unspent**

- A) Any surplus that may arise out of the approved CSR activities, projects and programmes that are carried out shall not form part of the business profits of the Company and such surplus shall be dealt with in the manner deemed appropriate by the CSR Committee or If

any surplus arises out of the CSR activities, it must be:

- Spent on the same project which gave rise to the surplus, or
- Transferred to the Unspent CSR Account of the company, or
- Transferred to a fund as specified in Schedule VII of the act.

B) Any unspent CSR funds remaining at the end of a financial year should be transferred in any of the following ways

- Any unspent amount from an ongoing project should be transferred within 30 days of the end of the financial year, to the specifically designated 'Unspent Corporate Social Responsibility Account' to be opened by the company. These amounts should be spent within the next three financial years, in accordance with the company's CSR policy. If these amounts remain unspent even after the three-year period, then they should be transferred, within six months of the end of the financial year, to any fund specified in Schedule VII of the act (such as the PM National Relief Fund, PM CARES Fund, Disaster Management Fund, Clean Ganga Fund, and so on).
- Transfer to a Schedule VII fund: If the funds are unallocated to any CSR project, then such unspent amount shall be transferred, within six months of the end of the financial year, to any fund specified in Schedule VII of the act.

## **9. CSR Expenditures**

- The CSR expenditures shall include all expenditures, including contribution to corpus on the activities, projects or programs as are approved by the CSR Committee and shall not include expenditures on any item not in conformity with the activities specified in Paragraph 2 hereinabove.
- However, contributions to the corpus of a Trust/ Society/ Company set up under Section 8 of the Companies Act, 2013 will qualify as CSR expenditure as long as (a) the entity 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. Salaries paid to regular CSR staff and to volunteers of the Company (in proportion to time/hours spent specifically on CSR activity) will also be factored into CSR project cost as part of the CSR expenditures.
- In case of any excess amount spent as a part of CSR activity or company spends an amount in excess of the requirements provided then the company may set of excess amount in next three financial years in the manner which is decided.

## **10. Composition of CSR Committee**

The CSR Committee shall be comprised in accordance with the requirements of the Companies Act, 2013 and the Rules made thereunder. The details of the composition will be mentioned in the annual report of the company which shall be hosted on the Company's website at [www.kurlon.com](http://www.kurlon.com)

## **11. Responsibilities of the Committee**

The responsibilities of the CSR Committee include:

- i. Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company in areas or subject, specified in Schedule VII;
- ii. Recommend and if necessary to approve , the amount of expenditure to be incurred on the activities referred to in point (2 ); and
- iii. Monitor the Corporate Social Responsibility Policy of the company from time to time.
- iv. To make modifications, if any, for smooth implementation of the project within the overall permissible time period.
- v. CFO or the person responsible for financial management shall certify to the effect.

## **12. Budget**

The Company shall allocate the budget for CSR activities. The minimum budgeted amount for a financial year shall be 2% of the average net profit of three immediate preceding financial years. The Company may allocate more fund/amount than the amount prescribed under section 135 of the Companies Act, 2013, for the CSR activities for any financial year. The Committee shall calculate the total fund for the CSR activities and recommend to the Board for the approval. The Board shall approve the total fund to be utilized for CSR activity for respective financial year.

The Company shall spend the amount on its CSR Activities as per the approved annual action plan of respective year. Amount spent on CSR activities shall be ratified by the CSR Committee as and when required. CSR expenditure shall include all expenditure including contribution to corpus for projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee, but does not include any expenditure on an item not in conformity or not in line with activities which fall within the approved CSR activities.

## **13. CSR disclosures**

The Board of Directors of the Company will disclose the following on its website for public access:

- a) Composition of the CSR Committee
- b) CSR Policy; and
- c) Projects approved by the Board.

## **14. Effective Date**

This policy is effective from 1<sup>st</sup> April 2021

## **Annexure -1**

Indicative list of aspects to be considered while engaging with other entities

I. Due diligence of the implementing agency would be conducted to check the credentials of the organization. The following information from the interested implementing agencies would be sought, as relevant:



- i. Memorandum/Article of Association or Constitution;
  - ii. Registration Certificate;
  - iii. Registration Certificate under Section 12A;
  - iv. Audited Accounts of last three years;
  - v. IT Exemption Certificate under Section 80G; (Lifetime validity)
  - vi. CSR Form-1 Registration certificate or Registration no with MCA
- II. Pan Card;
- III. IT Exemption Certificate under Section 35(i), if available;
- IV. Acknowledgement of Income Tax Return along with IT Return filed (last three years);
- V. FCRA Certificate (if any) and latest copy of FCRA Return FC-3, if available;
- VI. Description of the project.
- VII. Ensure that the project/ programme is consistent with list of activities in Schedule VII.
- VIII. The team may visit and/or meet the representatives to assess the organization (as required).
- IX. Quarterly reporting on the progress in implementation of the projects/ programmes and utilization of the amounts.
- X. Reserving the rights, to be exercised at its sole discretion, of stopping the funding at any stage of the project, if the program is not being implemented as per program objectives and goals.

