



KILBURN ENGINEERING LTD.

CORPORATE SOCIAL RESPONSIBILITY POLICY

1) Preamble

Kilburn Engineering Limited (hereinafter called as “the Company”) as a conscientious corporate citizen, recognises the corporate social responsibility to address some of India’s most challenging issues relating to education, health, equality and development of the weaker section of the society. Also, every business, is deeply intertwined with environmental, social, and governance (ESG) concerns. It makes sense, therefore, that a strong ESG proposition can create value. By adopting the Code of Social Responsibility by sharing and contribute to some extent in welfare and development of the society, in which it operates.

The need to engage in responsible practices is led by an intense desire to contribute positively towards the three pillars of sustainability and CSR – Social, Economic and Environmental. These three pillars are integral to the way. The Company runs its business and designs its policies. The Mission, Vision and Values of the organisation clearly reflect its commitment, not only to the direct stakeholders but also to the society, in which it operates. The Company remains committed to act responsibly and ethically to maintain the trust of its customers, its employees and other stakeholders.

2) Purpose

The key purpose of this policy is to:

- a) Define what CSR means to us and the approach adopted to achieve our Social Responsibility goals
- b) Identify broad areas of intervention in which the company will undertake projects
Define the kind of projects that will come under the ambit of CSR
- c) Serve as a guiding document to help execute and monitor CSR projects
- d) Elucidate criteria for partner implementation agencies*
- e) Explain the manner in which the surpluses from CSR projects will be treated

*(*The Partner Implementation Agency to fulfil all the criteria’s as laid down under Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, as may be amended from time to time.)*

3) Policy Statement

The CSR Policy focuses on addressing critical social, environmental and economic needs of the marginalized/underprivileged sections of the society. We adopt an approach that integrates the solutions to these problems into the strategies of the company to benefit the communities at large and create social and environmental impact.

4) Definitions

- a) "Act" means Companies Act, 2013 including any Statutory modification or re-enactment thereof;
- b) "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 programme.
- c) "Board" means Board of Directors of the Company.
- d) "CSR Committee" means Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act.
- e) "CSR Policy" means a statement containing the approach and direction given by the board of a company, taking into account the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan;
- f) "Ongoing Project" means a multi-year project undertaken by a Company in fulfillment 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.
- g) "Net profit" means the net profit of a company as per its financial statement 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:

Provided that in case of a foreign company covered under these rules, net profit means the net profit of such company as per profit and loss account prepared in terms of clause (a) of sub-section (1) of section 381, read with section 198 of the Act;

- h) "Rules" mean the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 and Companies (Corporate Social Responsibility Policy) Rules, 2014.

5) Applicability

This CSR Policy has been formulated in consonance with Section 135 of the Act, read with rules notified by the Ministry of Corporate Affairs, Government of India. This Policy shall apply to all CSR projects / programmes undertaken by the Company in India as per Schedule VII of the Act, for the time being in force.

6) Governance Structure

The Company has constituted a robust and transparent governance structure to oversee the implementation of our CSR Policy, in compliance with the requirements of Section 135 of the Companies Act, 2013 and the Rules framed thereunder, including any modification(s) / re-enactment(s) for time being in force.

6.1 Board-level CSR Committee

At Kilburn Engineering Limited, our CSR governance structure will be headed by the Board Level CSR committee that will be ultimately responsible for the CSR projects undertaken. The committee will report to our Board of Directors.

6.1.1 Responsibilities

A. Responsibilities of the CSR Committee:

- Formulate and recommend to the Board, an Annual Action plan, which shall include:

- a) the list of CSR projects or programs that are approved to be undertaken in areas or subjects specified in Schedule VII to the Act;
- b) the manner of execution of such projects or programs as specified in Act;
- c) the modalities of utilization of funds and implementation schedules for the projects or programs;
- d) monitoring and reporting mechanism for the projects or programs; and
- e) details of need and impact assessment, if any, for the projects undertaken by the company:

Provided that 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.

- Formulate & update the CSR Policy, from time to time and recommend the same to the Board for its approval
- Suggest areas of CSR intervention to the Board of the Company.
- Approve projects that are in line with the CSR policy of the Company.
- Put monitoring mechanisms in place to track the progress of each project
- Recommend the CSR expenditure to the Board of the Company meets.

B. Responsibilities of the Board of Directors

- Upon recommendation of the CSR Committee, approve the following:
 - a) Amendments to the CSR Policy of the Company
 - b) Annual Action Plan including CSR Expenditure, areas of CSR intervention etc.
 - c) CSR Report forming part of the Board's Report
- Monitor the implementation of the CSR Projects
- Ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the company
- The Board 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 the same to that effect.

7) CSR Activities

a) "Corporate Social Responsibility" means the activities undertaken by a Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in the rules made thereunder, but shall not include the following, namely:-

(i) activities undertaken in pursuance of normal course of business of the company:

Provided that any company engaged in research and development activity of new vaccine, drugs and medical devices in their normal course of business may undertake research and development activity of new vaccine, drugs and medical devices related to COVID-19 for financial years 2020- 21, 2021-22, 2022-23 subject to the conditions that-

a) such research and development activities shall be carried out in collaboration with any of the institutes or organisations mentioned in item (ix) of Schedule VII to the Act;
details of such activity shall be disclosed separately in the Annual report on CSR included in the Board's Report;

(ii) any activity undertaken by the company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;

(iii) contribution of any amount directly or indirectly to any political party under section 182 of the Act;

(iv) activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);

(v) activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;

(vi) activities carried out for fulfilment of any other statutory obligations under any law in force in India;

CSR Activities shall further mean the list of CSR projects or programmes that are approved by the CSR Committee and recommended to the Board to be undertaken in areas or subjects specified in Schedule VII of the Act.

8) Mode of Carrying CSR Activities

The Company's CSR programmes will be identified and implemented according to the approved CSR Policy.

- a) The Company's CSR programmes shall be undertaken by the company itself or through the following entities holding a CSR Registration Number:
 - (i) a company established under section 8 of the Act, or a registered public
 - (ii) trust or a registered society established by the company, either singly or along with any other company, or
 - (iii) a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or
 - (iv) any entity established under an Act of Parliament or a State legislature; or
 - (v) a company established under section 8 of the Act, or a registered public trust or a registered society having an established track record of at least three years in undertaking similar activities.
- b) The CSR Committee may engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per the Company's CSR policy as well as for capacity building of Company's personnel.
- c) The CSR Committee may also approve collaboration with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or programmes in accordance with the CSR Rules.
- d) The Board of a company shall satisfy itself that the funds so disbursed have been utilised 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.
- e) In case of ongoing project, the Board of a Company shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.
- f) The implementing agency, engaged by the Company should be covered under Rule 4 (1) of the Rules and registered with Central Government and should be in possession of unique CSR Registration Number. The implementing agency should be credible and should have the ability to execute the project or programme effectively. The disbursement by the Company to the implementing agency should be made only upon receipt of proposal along with budget and implementation schedule, and in tranches in order to ensure that the amount does not lie unspent with the implementing agency.

- g) The implementing agencies shall keep the Company informed about any information or circumstances that will affect the ability of the agency to carry out the CSR project or programmes.
- h) The outcome of impact assessment and progress reports submitted, will be taken into consideration while engaging the implementation agencies for subsequent CSR projects and programmes and while finalizing the annual action plan for the subsequent year.

9) CSR Budget

The CSR Committee will abide by the provisions relating to annual expenditure on CSR activities as laid down in Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time. The CSR Committee shall formulate and recommend to the Board, an annual action plan.

10) Treatment of Surplus

Any surplus generated from CSR projects undertaken by the Company will be treated in any of the below mentioned manner:

- a) Shall be ploughed back into the same project or
- b) Shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the Company or
- c) Transfer such surplus amount to a Fund specified in Schedule VII within 6 (six) months from the expiry of the Financial Year.

These funds i.e., the surplus, if any, generated from CSR Activities, will not be added to the normal business profits, under any circumstances.

11) CSR Reporting

The Board's Report of the Company shall include an Annual Report on CSR Activities in the format as may be prescribed under the Companies Act, 2013 and / or the Rules framed thereunder, including any statutory amendment(s)/ modification(s) / re-enactment(s) for time being in force.

In case the average CSR obligation is INR 10 Crore (Rupees Ten Crore Only) or more, in the 3 (three) immediately preceding Financial Years, the Company shall undertake

Impact Assessment, through an independent agency, of their CSR projects having outlays of INR 1 Crore (Rupees One Crore Only) or more, and which have been completed not less than 1 (One) year before undertaking the impact study. The impact assessment reports shall be placed before the Board and shall be annexed to the Annual Report on CSR Activities.

Provided that the Company undertaking impact assessment may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed five

percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is less.

Excess Spent

Where a Company spends an amount in excess of requirement provided under the Act, such excess amount may be set off against the requirement to spend up to immediate succeeding 3(Three) Financial Years' subject to the conditions that –

(a) the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any,

(b) the Board of the company shall pass a resolution to that effect.

Short Spent / Transfer of unspent CSR amount

If the Company, in any Financial Year, fails to spend the CSR Obligation amount, the same shall be reported in the Board's Report, specifying the reason for not spending the amount and such amount shall be transferred within a period of 6 (Six) months of the expiry of the financial year to a Fund specified in Schedule VII to the Act.

If unspent amount relates to any Ongoing Project, such amount shall be transferred within a period of 30 (Thirty) days from the end of the financial year to a special 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", and such amount shall be spent by the company in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of 3 (three) financial years from the date of such transfer, failing which, the company shall transfer the same to a Fund specified in Schedule VII, within a period of 30 (Thirty) days from the date of completion of the 3rd (Third) financial year.

12) Monitoring Process

CSR Committee shall monitor the implementation of various programs, projects and activities in such manner as it deems fit. CSR Committee shall also determine the manner of submission of information, reports, files, etc. by third parties as a part of the monitoring process. CSR Committee shall ensure that a transparent monitoring mechanism is put in place. In case of ongoing project, the Board shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period. The Board shall satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer shall certify to the effect.

13) Amendment(s)

The Company or the Board reserves its right to amend or modify this Policy in whole or in part, at any time. However, no such amendment or modification shall be inconsistent with the applicable provisions of the Act or any law for the time being in force.

14) Display of CSR activities on its website

The Board of Directors of the Company shall mandatorily disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on their website, if any, for public access.