



# Karamtara Engineering Limited

## CORPORATE SOCIAL RESPONSIBILITY POLICY

The Corporate Social Responsibility (“**CSR**”) initiative at Karamtara Engineering Limited hereinafter referred to as the “**Company**”) draws on our guiding principles that as a responsible organization, we will contribute to the greater common good of our community and society and help to build a sustainable way of life for marginalized sections of society.

This Corporate Social Responsibility policy (“**Policy**”) of the Company has been adopted pursuant to the provisions of section 135 of the Companies Act, 2013 (“**Act**”) read with Schedule VII of the Act, and the Companies (Corporate Social Responsibility) Rules, 2014 (“**CSR Rules**”). This Policy has been framed and recommended to the board of directors of the Company (“**Board**”) by the corporate social responsibility committee duly constituted by the Company (“**CSR Committee**”) and has been adopted by the Board after due consideration on 27<sup>th</sup> April 2021.

**1. Vision**

Our Vision is – ‘To be conscientious in all our actions and create positive change in the society we live in’. This statement gives a sense of purpose to all our endeavors.

**2. CSR Activities**

With this vision in mind, the Company will endeavor to carry out one or more of the following Corporate Social Responsibility activities (“**CSR Activities**”/ “**CSR Projects**”):

- (i) Eradicating hunger, poverty and malnutrition, promoting healthcare, including preventive healthcare and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
- (ii) Promoting education, including special education and employment enhancing vocational skills especially among children, women 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 centres 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, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for the rejuvenation of river Ganga;
- (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, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows;
- (vii) Training to promote rural sports, nationally recognized sports, Paralympic sports as well as Olympic sports;

- (viii) Contributions to the Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES 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;
- (ix) (a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and  
(b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organization (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs);
- (x) Rural development projects;
- (xi) Slum area development;
- (xii) Disaster management, including relief, rehabilitation and reconstruction activities; and
- (xiii) Such other activities as may be notified by the Central Government and approved by the CSR Committee.

### 3. Modalities of Execution of CSR Activities

Our CSR Activities will be carried out either by the Company itself or through:

- (i) a company established under Section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (vi-a) of clause (23-C) of Section 10 or registered under Section 12-A and approved under 80-G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company;
- (ii) 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
- (iii) any entity established under an Act of Parliament or a State legislature; or
- (iv) a company established under Section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (vi-a) of clause (23-C) of Section 10 or registered under Section 12-A and approved under 80-G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

Explanation.—For the purpose of clause (iii), the term “entity” shall mean a statutory body constituted under an Act of Parliament or State legislature to undertake activities covered in Schedule VII of the Act.

The entities referred to in (i) (ii), (iii), and (iv) shall be hereinafter referred to as “**Partner Organization**”.

The Company believes in being employee-driven in its approach and will encourage its employees to actively engage in CSR Activities voluntarily as part of their individual contribution to the community (“**Volunteers**”).

#### **4. CSR Committee**

- 4.1. The Board shall constitute the CSR Committee in accordance with section 135 of the Act and the CSR Rules.
- 4.2. The CSR Activities shall be carried out under overall direction and supervision of CSR Committee.
- 4.3. CSR Committee shall formulate and recommend to the Board an annual action plan in pursuance of the Rules. Such action plan may be altered by the Board at any time during the financial year, as per the recommendation of the CSR Committee.
- 4.4. The CSR Committee shall undertake its statutory responsibilities under the Act and the CSR Rules, and shall work under the oversight of the Board in this regard as per its terms of reference. CSR Committee shall deploy the funds for the CSR Projects in the manner permissible under the Act and Rules.

#### **5. Implementation and Monitoring**

- 5.1. All CSR Activities shall be selected and implemented based on the 4-step process of:

- Identification
- Planning
- Execution
- Monitoring

If the Company decides the planning and/or implementation of CSR Activities in any financial year with collaboration of Partner Organizations as specified in aforesaid Section 3, then the Company shall select its Partner Organizations in accordance with the guidelines provided therein. The planning and execution of the CSR Activities shall be done in a time bound manner and in accordance with the Rules.

- 5.2. The following administrative mechanism for implementation of CSR Activities has been designed:

- (a) A CSR head (“**CSR Head**”) shall be appointed to spearhead the CSR activities of the Company who shall report to the Chairperson of CSR Committee. The CSR Head and the General Counsel shall assist the CSR Committee as may be required by the CSR Committee in the implementation of this policy;
- (b) The CSR Head shall select the appropriate organizations/entities as specified in Section 3;

- (c) Sufficient manpower and other resources shall be made available to the CSR Head for carrying out the CSR Activities;
- (d) CSR Head shall provide reports in the statutory format as required under the Act and the Rules and shall also provide periodical annual reports to the CSR Committee on the actual spend against the budgeted spend;
- (e) In addition, the CSR Head shall also be responsible for the following:
  - (i) To monitor the implementation of CSR Activities on a regular basis;
  - (ii) To prescribe/provide timelines for execution of CSR Activities;
  - (iii) To examine that CSR Activities are in line with the CSR policy laid down by the Company;
  - (iv) Submitting periodic reports to the CSR Committee.

## 6. Reporting and Reviewing Mechanism

All projects shall be assessed against their pre-defined goals, objectives and indicators of success. An annual report of the CSR Activities in the format as specified in Annexure-II of the CSR Rules shall form part of the Report of the Board of Directors.

## 7. Responsibilities of the Board

- 7.1. The Board shall ensure that the Company spends, in accordance with this Policy, in every financial year, at least 2% (two per cent) of its average net profits made during the 3 (three) immediately preceding financial years, in accordance with the Act, the CSR Rules and other applicable law ("**CSR Amount**"). The Company shall give preference to the local areas around it where the Company operates for spending the CSR Amount.
- 7.2. In the event the CSR Amount is not spent, the Board shall disclose the reason for not spending the CSR Amount in the Board's report and unless such amount relates to an Ongoing Project, such unspent amount is to be transferred to a fund as prescribed under the Act ("**CSR Government Fund**") within a period of 6 (six) months of the expiry of the relevant financial year. If the actual CSR expenditure exceeds the CSR Amount, the excess amount may be set-off as per the Act, read with the CSR Rules. For the purposes of this paragraph 7.2, the term "**Ongoing Project**" shall mean a multi-year project undertaken by the Company in fulfilment of its CSR obligation having timelines not exceeding 3 (three) years excluding the financial year in which it was commenced, and shall include a project that was initially not approved as a multi-year project but whose duration has been extended beyond 1 (one) year by the Board based on reasonable justification.
- 7.3. In the event the amount remaining unspent under the CSR Amount relates to any Ongoing Project, the Company shall transfer such amount within a period of 30 (thirty) days from the end of the financial year to a special account, to be opened by the Company on that behalf in any scheduled bank ("**Unspent CSR Account**"). Such amount shall be spent by the Company in pursuance of its CSR obligations under this 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 CSR Government Fund as prescribed under the Act, within a period of 30 (thirty) days from the date of completion of the third financial year.
- 7.4. The Board shall ensure that the expenses incurred by the Company for 'general management and

administration' of the CSR functions in the Company (excluding any expenses directly incurred for designing, implementation, monitoring, and evaluation of a particular CSR project or programme) do not exceed 5 (five) percent of the CSR Amount for a financial year.

- 7.5. Any surplus amount arising out of the CSR activities shall not form part of the business profit of the Company and is to be ploughed back into the same project or transferred to the Unspent CSR Account and spent in pursuance of this Policy as per paragraph 7.3 above, or transferred to a CSR Government Fund, within a period of 6 (six) months of the expiry of the financial year.

## **8. Impact Assessment**

- 8.1. The Company shall undertake relevant impact assessment of its CSR projects as required under the Act and CSR Rules.
- 8.2. Such impact assessment reports are to be placed before the Board annexed to the Company's annual report on CSR activities.

## **9. Miscellaneous**

### **9.1. Information Dissemination**

- (i) The Company shall disclose this Policy, as required under the Act and the CSR Rules, on its website along with the details of composition of the CSR Committee and the CSR activities/projects approved by the Board.
- (ii) All initiatives undertaken by the Company shall be transparent and shall be shared with its various stakeholders.

### **9.2. Management Commitment**

The Management of the Company is committed to being socially responsible and bringing a positive change in the community in which we operate.

### **9.3. Amendment and review**

This Policy will be subject to review and revisions as may be deemed necessary by the Board and the CSR Committee. In the event of any conflict between the terms of this Policy and applicable law (including the Listing Regulations), the provisions of applicable law shall prevail. Any subsequent amendment or modification in the Act and/or applicable laws in this regard shall automatically apply to this Policy and shall prevail over anything stated in this Policy from the date of notification of such amendment.