

ISMT LIMITED

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

➤ **Preface**

Pursuant to the provisions of Section 135 of the Companies Act, 2013 ('Act'), the 'Corporate Social Responsibility Policy' ('Policy') of ISMT Limited ('ISMT/ Company') was adopted by the Board of Directors of the Company ('Board') at its meeting held on July 29, 2022.

➤ **Overview**

The Kirloskar Group of Companies (hereinafter referred as 'Group') enjoys a legacy of over a century of making a positive difference in the areas of socio-economic development of under 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 in pursuit of its social obligations towards society at large, at any location in India and more particularly in the vicinity of locations of manufacturing plants/ branches/ offices of respective entities in the Group, where the said entities operate.

The focus of CSR activities of the Group includes, inter-alia, 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, national and international norms.

➤ **Objective**

Objectives of the Policy are as follows:

- To frame guiding principles for selection, implementation and monitoring of CSR activities.
- To formulate annual action plan for CSR activities of the Company.
- To ensure CSR activities comply with the provisions of Section 135 of the Act.

➤ **CSR activities**

ISMT draws its inspiration for conducting CSR activities from the legacy of the Group.

The focus of CSR activities to be undertaken by ISMT includes, inter-alia, Education, Environment, Health & Hygiene and Rural Development.

While devising products, care should be taken by the Company to protect the environment and minimize adverse impact, if any, on the society at large.

➤ **Guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan for CSR activities at ISMT**

(A) Selection/ Focus areas

In accordance with the provisions of the Act, ISMT will undertake CSR activities in areas which include:

a) Education:

Promoting education including special education and employment enhancing vocational skills, vocational training, skill enhancement, livelihood enhancement projects, promoting primary, secondary or higher education including setting up and supporting activities, providing infrastructure facilities, financial assistance to deserving students, distribution of educational supplies, grant of scholarships.

b) **Environment:**

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, tree plantation, developing gardens, promoting bio-diversity and promoting renewable energy and conducting programs for environment awareness.

c) **Health and Hygiene:**

Promoting healthcare including preventive health care and sanitation, making available safe drinking water, promoting health care facilities, health check-up camps and/ or support/ activities for adopted schools, students, teachers and community, hygiene & health awareness programs/ events, establishment of health care centers, distribution of medical kits, sanitization equipment and related supplies, contributions to funds set by the Central Government/ State Governments/ local authorities for promoting health care.

d) **Rural Development:**

Rural development projects including developing community infrastructure, water conservation projects, ensuring sustainability projects, construction/ renovation/ development of public utility areas like gardens, parks, jogging tracks, play grounds, worship places, etc.

e) **Disaster Management:**

Relief, rehabilitation, reconstruction activities in areas affected due to floods, tsunamis, earthquakes, natural disasters, pandemic, etc.

f) Such other activities in compliance with Schedule VII of the Act, and rules thereof.

(B) Implementation, monitoring and formulation of Annual Action Plan

1. The Company shall spend in every financial year at least 2% of its average net profits during the three immediately preceding financial years, calculated in accordance with the provisions of the Act.
2. The Company may spend in any financial year a sum not exceeding 5% of total CSR expenditure of the Company on administrative overheads towards general management and administration of CSR functions in the Company.
3. CSR activities shall be carried out directly by the Company and/ or through implementing agencies having CSR Registration Number, which include:
 - Kirloskar Institute of Advanced Management Studies (KIAMS)
 - S. L. Kirloskar CSR Foundation
 - Kirloskar Ferrous Rural Development Trust
 - Kirloskar Foundation
 - MK Education Trust
 - Any other entity, as may be decided by Chairman of the CSR Committee or the Managing Director of the Company

4. The CSR Committee shall formulate and recommend to the Board for approval an Annual Action Plan relating to CSR activities, which shall include details as required pursuant to the provisions of the Act.

The Board may, upon recommendation of the CSR Committee, alter such plan at any time during the financial year, based on reasonable justification to that effect.

5. Any surplus arising out of the CSR activities shall not form part of the business profit of the Company and shall be ploughed back into the same project.
6. Where the Company spends in any financial year a sum in excess of the requirement, such excess sum may be set off as per the provisions of the Act.
7. The Company may undertake multiyear project(s) having time lines not exceeding three years in fulfillment of its CSR obligation.

In case of ongoing project(s), the Board shall be responsible for monitoring the implementation of the project with reference to the approved timelines and year-wise allocation and shall make modifications, if any, for smooth implementation of the project within the overall permissible time period.

8. The Company may spend towards CSR expenditure for creation or acquisition of capital asset(s), which shall be held by an entity having a unique CSR registration number.
9. The Committee may engage national/ international organization(s) for designing, monitoring and evaluation of the CSR projects or programmes as per the Policy as well as for capacity building of their own personnel for CSR activities.
10. The Company may also collaborate 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.
11. The Board shall satisfy itself that the sum expended towards CSR activities has been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer of the Company shall certify to that effect.
12. The Managing Director and Chairman of CSR Committee of the Company are authorised severally to perform various functions, which include:
 - appoint employee(s)/ person(s) for implementation & monitoring CSR activities,
 - encourage employees in the process of implementing CSR activities being carried out by the Company,
 - where required, create a working group to develop CSR Commitments of the Company.

➤ **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 or as decided by the Board.