

# **CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY OF KIRLOSKAR OIL ENGINES LIMITED (KOEL)**

## **1. PREFACE**

This 'Corporate Social Responsibility Policy' (CSR Policy) of Kirloskar Oil Engines Limited (KOEL / the Company) was adopted by the Board of Directors of the Company vide its resolution dated 17<sup>th</sup> June, 2014, pursuant to the provisions of Section 135 of the Companies Act, 2013, (the Act), read with the Companies (Corporate Social Responsibility) Rules, 2014 (the Rules), as amended from time to time.

In view of the Companies (Corporate Social Responsibility) Amendment Rules, 2021, (the Amendment Rules), the Policy has been amended by the Board of Directors of the Company vide its resolution dated 5<sup>th</sup> March 2021 and the revised Policy shall be effective from 1<sup>st</sup> April 2021.

## **2. OVERVIEW**

The Kirloskar Group (hereinafter referred as 'the Group') of Companies enjoys a legacy of over a century of making a positive difference in the areas of socio – economic development of the less 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 towards its social obligations towards society in the vicinity of all locations of manufacturing plants / branches / offices of respective entities in the Kirloskar Group, areas where entities of Kirloskar Group operates as well as at other locations in India.

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 in addition to national and international norms.

## **3. CSR ACTIVITIES CARRIED OUT BY THE COMPANY**

- a) KOEL draws its inspiration for conducting CSR activities from the legacy of the Group.
- b) 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.
- c) The Company is committed to uphold the interests of all the stakeholders by implementing the various guidelines like business excellence models.

## **4. OBJECTIVES**

The Objectives of this CSR Policy are:

- a) To establish guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan.

- b) To ensure the CSR activities are undertaken in compliances with the provisions of Section 135 of the Act, read with the Rules thereunder, as may be amended from time to time.

## **5. GUIDELINES FOR SELECTION, IMPLEMENTATION, MONITORING AND FORMULATION OF ANNUAL ACTION PLAN OF CSR ACTIVITIES AT KIRLOSKAR OIL ENGINES LIMITED**

### **A. FOCUS AREAS**

The provisions of Schedule VII of the Companies Act, 2013, including amendments thereunder, require companies to direct their CSR initiatives towards the areas stated therein. In line with these requirements, KOEL will *inter alia* focus on:

#### **i) 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 and contributions to Funds set by the Central Government / State Governments / local authorities for promoting Education etc.

#### **ii) Environment :**

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, tree plantation, developing gardens, promoting biodiversity, promoting renewal energy and conducting programmes for environment awareness and contributions to Funds set by the Central Government / State Governments / local authorities for promoting cleanliness of environment etc.

#### **iii) Health and Hygiene :**

Promoting healthcare including preventive health care and sanitation, making available safe drinking water, promoting health care facilities, Health checks, camps and / or supports / activities for adopted schools, students, teachers and community, Hygiene & Health Awareness Programmes / events, construction of health care centers, distribution of medical kits, sanitization equipment and related materials, contributions to Funds set by the Central Government / State Governments / local authorities for promoting health care/sanitation etc.

#### **iv) 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.

**v) Disaster Management :**

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

- vi) Such other activities in compliance with Schedule VII of the Companies Act, 2013 including Rules made thereunder, as amended from time to time.

**B. IMPLEMENTATION, MONITORING AND FORMULATION OF ACTION PLAN**

**a) Outlay towards CSR Activities**

- i. The Company in every financial year, shall spend at least 2 % (two percent) of the average net profits of the Company made during the 3 immediately preceding financial years, or such other percentage or amount as may be prescribed by law from time to time, specifically towards CSR activities

For this purpose, the net profit shall be calculated in accordance with the provisions of the Companies Act, 2013, including rules made thereunder and amendments thereof.

- ii. Any surplus arising out of any of the CSR activities carried out by the Company will not be treated as part of the business profits of the Company.
- iii. Where KOEL in any financial year spends an amount in excess of the requirement of aforesaid 2%, such excess amount can be set off as per the provision of the Companies Act, 2013 and Rules issued thereunder, as may be amended from time to time.

**b) Implementation of CSR Activities**

- i. CSR activities shall be carried out directly by the Company and/or through implementing agencies having unique CSR registration number, which include:
1. Kirloskar Institute of Advanced Management Studies
  2. S. L. Kirloskar CSR Foundation
  3. Kirloskar Foundation
  4. Any other entity having unique CSR registration number, as deem fit by the Executive Director(s) and the Chairman of CSR Committee from time to time
- ii. Out of the total eligible funds for CSR activities in each financial year, all or majority of the funds may be expended through one or more of the above, provided however that these entities obtain the unique CSR registration number.
- iii. The balance funds, if any, may be used to undertake one or more of the CSR activities permitted under Schedule VII of the Act, as may be amended from time

to time.

- iv. The Company may undertake projects under this Policy for implementation, which may require a period longer than a financial year in which they were approved. Such projects may be completed within 3 years after the financial year in which they were commenced and shall include such projects those were initially not approved as multi-year projects but whose duration extended beyond one year by the Board of Directors of the Company, based on reasonable justification.
- v. The Company may expend funds under the limits of CSR expenditure on administrative overheads. However, such expenditure on administrative overheads shall not exceed 5% or such other limit as may be prescribed under the Companies Act, including rules thereof as amended from time to time, of the total expenditure of the Company on CSR, for a financial year.
- vi. The Company may spend limits available for expending on CSR, for creation or acquisition of capital assets which shall be held by an entity having a unique CSR registration number.
- vii. The Board shall approve the Annual Action Plan having the list of CSR activities, eligible expenditure to be incurred on CSR activities, modalities of utilization of funds, implementation schedule, etc. on the recommendation of CSR Committee in the beginning of every financial year. The Board may, at any time, alter the Annual Action Plan during the financial year, on the recommendation of the Committee, based on the reasonable justification to that effect.
- viii. The Committee may engage any organization/s including 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.
- ix. The Executive Director or Managing Director of the Company is authorised to perform following functions:
  - appoint one or more employees / persons for implementing & monitoring the CSR Activities
  - encourage employees in the process of implementing the CSR activities being carried out by the Company.
  - where required, create a working group to develop the CSR Commitments of the Company;

#### **c) Monitoring of CSR Activities**

- vi. The CSR Committee shall take periodical review of CSR Activities carried out during the financial year and report to the Board.
- vii. The Board on the basis of certification provided by Chief Financial Officer of the Company shall review annual CSR activities pursued and amounts spent thereon and approve the same.

- viii. The annual report in the prescribed format shall be laid before shareholders duly considered by CSR Committee and the Board.

## **6. 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 from time to time or as decided by the Board of Directors of the Company.

For Kirloskar Oil Engines Limited  
Sd/-

Atul C. Kirloskar  
Executive Chairman

Place: Pune  
Date: 5<sup>th</sup> March 2021