

CORPORATE SOCIAL RESPONSIBILITY POLICY

OF

KOTHARI PRODUCTS LTD.

1. **Introduction**

The Board of Directors (“The Board”) of Kothari Products Ltd.. (hereinafter referred to as “KPL” or the Company) has adopted the following policy and procedures with regard to Corporate Social Responsibility. The Board may review and amend this policy from time to time subject to recommendations of Corporate Social Responsibility committee.

2. **Policy Objective**

The Company is committed to conduct its business in a socially responsible, ethical and environmentally friendly manner and to continuously work towards improving quality of life of the communities in its operational areas.

3. **Principles**

The Corporate Social Responsibility activities of the Company will be implemented in accordance with the following principles :

- Businesses should respect, protect and make efforts to restore the environment.
- Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
- Businesses should respect and promote human rights.
- Business should work towards equal development of society.
- Business should respect cultural ethnicity and dignity of individuals and foster positive relationship with the people in the areas where the Company operates.
- Business should provide development opportunities to local communities in a culturally appropriate manner, in consultation & cooperation with local government authorities and other stakeholders, as may be appropriate.

- Business should endeavour to develop local entrepreneurship and encouraging use of local goods, services and manpower to promote inclusive economic growth of local areas.

4. Scope of Corporate Social Responsibility Activities

In line with the broad principles defined above, the Company would have freedom and flexibility to choose from any of the activities specified in Annexure 1. The Corporate Social Responsibility projects and programs to be undertaken by the Company shall include activities falling within the purview of schedule VII of Companies Act, 2013; as amended from time to time. Thus, with any change in the statutory provisions governing the activities, the Annexure 1 shall be deemed to include/exclude such activities as permissible under law.

The list and implementation modalities may be modified from time to time, as per recommendations of the Corporate Social Responsibility Committee of the Company.

The surplus, if any, arising out of Corporate Social Responsibility initiatives of the Company shall not form part of its business profits and shall be utilized for Corporate Social Responsibility activities only.

5. Corporate Social Responsibility Implementation

The Corporate Social Responsibility Committee will be responsible for overseeing the approval, execution, implementation and monitoring of the projects.

These projects will be executed by the Company and where appropriate in partnership with local government, various NGO partners, service providers and others.

In case the Company undertakes to carry any of the projects through any trust, society or company not established by the Company or its holding or subsidiary or associate company, the Corporate Social Responsibility Committee shall ensure that such trust, society or company has an established track record of three years in undertaking similar programs or projects and is eligible to undertake the projects under section 135 of the Act.

6. Corporate Social Responsibility Budget

The Corporate Social Responsibility Committee under the supervision of the Board shall try to ensure that the Company spends in each Financial Year (FY), at least two per cent of the average net profit (calculated as per section 198 of the Act) made during the three immediately preceding Financial years (Corporate Social Responsibility Budget).

If the company is unable to spend the prescribed 2% of its average net profit as mentioned above, the committee will review the reasons for the same and place the same with justification to the Board.

The Company will report reasons for not spending the entire Budget outlay for Corporate Social Responsibility allocated in any financial year. The unutilized fund would remain part of the corpus and get carried forward for the next year for expenditure thereon. The Company has to provide reason for not spending such amount in that financial year. Further, it will not dilute the fund allocation requirement for such next financial year.

To comply with the obligations, the Corporate Social Responsibility Committee may also decide to contribute amount of Corporate Social Responsibility Budget, either wholly or partially towards Corpus of any foundation provided under Schedule VII (as amended from time to time) as may be approved by the Board.

7. Targets and Performance measures

To ensure effective implementation, the Committee will set measurable targets for each Corporate Social Responsibility project and Funds for such projects.

8. Corporate Social Responsibility Committee

The Company has constituted Corporate Social Responsibility Committee (CSR Committee) as per Companies Act, 2013 and other applicable provisions, if any, of any other act, as may be applicable, for the time being in force. Corporate Social Responsibility Committee is responsible for overall supervision of Corporate Social Responsibility activities as may be carried out by the Company.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Composition of the Corporate Social Responsibility Committee of the Board of Directors of Kothari Products Limited is as under:

1.	Sri Pramod Kumar Tandon	Non Executive & Independent	Chairman
2.	Sri Deepak Kothari	Executive & Non Independent	Member
3.	Dr. Avinash Gupta	Non Executive & Independent	Member

9. Monitoring Activities

The Corporate Social Responsibility projects shall be monitored by the Corporate Social Responsibility Committee as follows :

The Corporate Social Responsibility Committee will be monitoring the Corporate Social Responsibility Policy on half yearly basis and among other agenda shall consider the following :

- Monitoring the utilization of funds towards approved Corporate Social Responsibility Activities.
- Define and review targets for the Corporate Social Responsibility commitments and performance measures.
- Evaluate actual Corporate Social Responsibility performance and impact such activities are making on the people, society and environment.

- Corrective measures to be taken to rectify deviations (if any)

The members of the Corporate Social Responsibility Committee (and specifically the Committee Chairman) may also undertake the following activities, whenever it deems necessary for effective discharge of its responsibilities :

- Field visits to Project / Programme sites;
- Interaction with beneficiary communities to obtain feedback;

Review of Policy

- The Corporate Social Responsibility policy will be reviewed periodically by the Corporate Social Responsibility Committee of the Company.

10. **Documentation, reporting and disclosures**

As part of compliance to the Act, and in preparation of the Annual Corporate Social Responsibility Report as per Reporting Format, the Company will ensure the following :

1. All Corporate Social Responsibility Projects/Programmes are comprehensively documented.
2. All appropriate MIS are maintained, in a suggestive template.
3. Accountability is fixed at every level of the Corporate Social Responsibility process and the implementation apparatus.

11. **Disclosure in the Annual Report of the Company**

The details about the policy developed and implemented by the Company on Corporate Social Responsibility, initiatives taken during the year and details of Corporate Social Responsibility Budget spent during the financial year shall be disclosed in the Annual Report of the Company.

This policy shall be subject to amendments under the Companies Act, 2013 or any other applicable law or regulation.

Annexure 1

Corporate Social Responsibility Activities as provided in Schedule VII

- i. eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to Swachh 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 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 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 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;
- vii. training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports;
- viii. 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;
- ix. contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government.
- x. rural development projects.
- xi. slum area development.

Explanation – For the purposes of this item, the term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.