

KSB LIMITED
CSR POLICY

1. BACKGROUND

KSB Limited (“the Company”) aims to carry out charitable objects and purposes wide-enough for the extension of the benefit thereof to all, irrespective of class, creed and relief of poor, education, medical relief and advancement of any object of general and/ or public utility. To pursue this objective the Company formed KSB Care Charitable Trust as a Registered Public Trust as a Corporate Social Responsibility initiative by the Company in 2009. Prior to the Companies Act, 2013, (“Act”) the Company was voluntarily contributing 1% of the post tax profits to this Trust. Pursuant to application of the said Act, the Company has been contributing the prescribed CSR amount.

Further, pursuant to Section 135 of the Companies Act, 2013 (‘Act’) and Companies (Corporate Social Responsibility Policy) Rules, 2014 (‘Rules’) a company having:

- i. net worth of INR 500 Crore or more, or
- ii. turnover of INR 1,000 Crore or more, or
- iii. net profit of INR 5 Crore or more

shall constitute CSR Committee which shall formulate and recommend CSR Policy to the Board of Directors of the Company (‘Board’). The Rules also allow the Board to undertake its CSR activities through a registered trust established by the Company.

This CSR Policy has been formulated / amended and recommended by the CSR Committee for approval of the Board. The Board vide its resolution dated October 22, 2014 approved and adopted this CSR Policy. The Policy is further amended by the Board of Directors on 29th July, 2021.

2. CSR COMMITTEE COMPOSITION, MEETINGS:

The CSR Committee shall consist of three or more Directors with at least one Independent Director as appointed by the Board from time to time.

The committee shall meet at least once in a year to discuss and review the CSR activities and policy. A quorum of two members or such other Quorum as may be prescribed under the Act is required to be present at such meetings. The committee shall have the authority to call such employees, senior officials or externals as it deems fit.

3. ROLE OF CSR COMMITTEE:

- i. To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act 2013 as amended from time to time.

- ii. To recommend the amount of expenditure to be incurred on the specified activities in a financial year.
- iii. To monitor the Corporate Social Responsibility Policy of the Company from time to time.
- iv. To recommend the Board on the guiding principles for selection, implementation and monitoring of CSR activities.
- v. To recommend to formulate/ alter to the Board, an Annual CSR Action Plan in pursuance of its CSR policy.
- vi. Any other matter/thing as may be considered expedient by the members in furtherance of and to comply with the CSR Policy of the Company.

4. ROLE OF THE BOARD OF DIRECTORS

- i. Form a CSR Committee as prescribed under the Act.
- ii. The Board of Directors shall, after considering the recommendations made by the CSR committee, approve the CSR policy and the Annual CSR Action Plan of the company and disclose as prescribed under the Act.
- iii. Ensure expenditure of requisite amount on CSR every year as per law of the Company made during the 3 immediately preceding financial years in pursuance of its CSR Policy.
- iv. The Board of Directors of the Company shall disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on the website of the Company.
- v. The Board may extend a non-ongoing project beyond one year based on reasonable justification.
- vi. The Board shall ensure that the CSR activities are undertaken by the Company itself or through a registered and eligible Implementation Agency.
- vii. The Board of the Company 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 to the effect.
- viii. In case of ongoing project, the Board of the 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.

- ix. The Board may alter the CSR Annual Action Plan at any time during the financial year, as per the recommendation of its CSR Committee, based on reasonable justification to that effect.
- x. The Board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the Company for the financial year.
- xi. Approve transfer of unspent CSR Amount in accordance with the law.
- xii. Where the Company spends an amount in excess of requirement, such excess amount may be set off by the Board against the requirement to spend up to immediate succeeding 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

5. CSR ACTIVITIES

The CSR Policy recognizes that CSR is not merely compliance, it is a commitment to support initiatives that measurably improve the lives of underprivileged by one or more of the following focus areas as per the Act and Rules made there under and as may be amended from time to time:

The Company shall identify projects / programmes which will fall in any one or more of the following areas /sectors for its CSR spending:

- i. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the 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 art 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 and Olympic sports.
- viii. Contribution 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 Govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women.
- ix. 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.
- x. Rural development projects.
- xi. Slum area development.
- xii. Disaster management, including relief, rehabilitation and reconstruction activities.

The CSR projects or programs or activities undertaken by the Company as per the Company's CSR Policy in India only shall amount to CSR Expenditure in accordance with the provisions of the Act. The Company will prefer to take up projects for spending the amount earmarked for CSR at local areas and areas where the Company operates

Contribution of any amount directly or indirectly to any political party under section 182 of the Act, shall not be considered as CSR activity.

5.1 EXCLUSIONS

Corporate Social Responsibility (CSR) means the activities undertaken by the Company in pursuance of its statutory obligation laid down in Section 135 of the Act in accordance with the provisions contained in the CSR Rules, but shall not include the following, namely: -

- i. activities undertaken in pursuance of normal course of business of the Company.
- 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.
- iv. activities benefitting employees of the Company.
- 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

6. CSR EXPENDITURE

The Company would spend at least 2% of the average Net Profits made during the three immediately preceding financial years calculated as per the provisions of the Act and rules prescribed and includes all expenditure including contribution to corpus of the KSB Care Charitable Trust.

KSB may build CSR capacities of its personnel and/ or of those of its implementing agencies through institutions with established track record of at least three financial years and other prescribed requirements but such expenditure including expenditure on administrative overheads, shall not exceed five percent of total CSR expenditure of the Company in one financial year.

7. IMPLEMENTATION :

7.1. Identification / Selection of Programmes

The programmes would be identified as per the requirement in the community. Professional agencies may be engaged need based in conducting assessment in some programmes.

7.2 Monitoring and Evaluation :

- i. To ensure effective implementation of the CSR programmes undertaken at various locations, a monitoring and evaluation mechanism will be put in place.
- ii. The progress of CSR programmes under implementation at various locations will be reported to corporate office on a periodical basis.
- iii. The report on progress on the CSR programme undertaken by the Company will be put forward to the CSR Committee with full details of cost incurred and results achieved on a regular basis.

- iv. Appropriate documentation of the Company's CSR activities, executing partners, and expenditure entailed will be maintained on a regular basis.
- v. An internal Audit will be conducted by the Internal Auditor of the Company for the projects executed and the Report will be submitted to the person responsible for implementation of CSR projects and the person responsible for overall financial management of CSR activities for the Company.
- vi. Feedback would also be obtained and documented from the beneficiaries during the Internal Audit as and when required.
- vii. Field visits would be conducted by the respective local CSR team to ensure the progress of the programmes. The visits may be informed or surprise.
- viii. Implementing Agency and Partners would be required to report narrative as well as financial updates in the format and frequency mutually decided.
- ix. If required, Impact Assessment would be conducted on a periodic basis, by independent professional wherever applicable.
- x. CSR initiatives of the Company will be reported in the Annual Report under the Board's Report and on the website of the Company in compliance with Section 135 of the Act and rules made thereunder.

7.3 Implementing Agency

The Company intends to undertake all its CSR Activities through "KSB CARE CHARITABLE TRUST" or through such other agency as per the rules prescribed. Further, the Company may also undertake CSR Activities directly without involvement of any trust or agency.

The activities to be undertaken by the said trust shall, *inter alia*, include CSR activities as mentioned in this policy.

KSB may explore the possibility of collaboration with similar corporate organizations/companies/ group companies for undertaking CSR projects, programs or activities.

7.4 Monitoring Mechanism

A list of CSR projects/ programmes which the Company plans to undertake either by itself, through KSB Care Charitable Trust or any other organization during the implementation year will be laid down before the Committee, specifying modalities of execution in the areas/ sectors chosen and implementation schedules for the same.

Further, the CSR Committee will review the CSR activities of the Company and will provide progress report to the Board at a frequency as may be decided.

7.5 Geographic Reach

The Company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for CSR activities. However,

the CSR committee may identify such areas other than those stated above, as it may deem fit, and recommend it to the Board for undertaking CSR activities.

RAJEEV JAIN
MANAGING DIRECTOR