



KIRLOSKAR INDUSTRIES LIMITED
A Kirloskar Group Company

Enriching Lives

CORPORATE SOCIAL RESPONSIBILITY POLICY

1. Introduction and Background

The Kirloskar Group of Companies (hereinafter referred to as 'the Group') 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 in pursuit of its social obligations towards society in the vicinity of all locations of the manufacturing plants of the respective entities in the Group, areas where entities of the Group operate as well as in other locations in India.

The focus of CSR activities of the Group has been Education, Environment and Health with the intention of integrating these objectives with those of the operations 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 law, ethical standards and international norms.

2. CSR activities carried out by Kirloskar Industries Limited (KIL) till date

In terms of the Group philosophy KIL (earlier known as Kirloskar Oil Engines Limited ['KOEL'] till 31 March 2010), kept up its tradition of being a friend of the community by actively conducting its CSR activities in the Education, Health and





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Environment sectors, by way of contribution to / participation in various initiatives in these sectors carried out by well-established entities in these sectors.

3. Applicability of CSR provisions in the Companies Act, 2013

The Companies Act, 2013 (the 'Act'), has made it mandatory for certain class of companies, to expend certain amounts on prescribed CSR activities.

Section 135 of the Act, read with Companies (Corporate Social Responsibility Policy) Rules, 2014, requires every company having net worth of ₹ 500 crores or more or turnover of ₹ 1,000 crores or more or a net profit of ₹ 5 crores or more, during any financial year, to constitute a Corporate Social Responsibility Committee (the 'CSR Committee') and such CSR Committee is required to formulate and recommend the CSR Policy of the Company.

In view of the fact that the net worth of KIL is more than ₹ 500 crores and its net profit more than ₹ 5 crores in the previous years, the provisions of the Act relating to CSR are applicable to KIL.

4. Objective of the Corporate Social Responsibility Policy (CSR Policy / Policy) of the Company

The Objectives of this Policy are:

1. To establish a guideline for compliance with the provisions of the Act to dedicate a percentage of the Company's profits for initiatives towards CSR activities.
2. To ensure the implementation of CSR activities in letter and spirit through





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appropriate procedures and reporting.

5. Total outlay for CSR Activities

From 1 April 2014, the Company shall spend at least 2% of the average net profits of the Company made during the 3 immediately preceding financial years towards CSR initiatives. For this purpose, the net profit and average net profit shall be calculated in accordance with the provisions of Section 198 of the Companies Act, 2013 ('the Act') read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

Any income or surplus arising out of CSR activities undertaken by the Company will form part of the corpus earmarked for CSR activities.

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.

The Company may build CSR capacities of its personnel and / or those of its implementing agencies through institutions with established track records of at least three financial years but such expenditure, including expenditure on administrative overheads, shall not exceed 5% of total CSR expenditure of the Company in one financial year.

6. Implementation of CSR Policy in KIL

A. The Board of Directors of the Company has constituted a Corporate Social Responsibility Committee (the 'CSR Committee') and has formulated functions of the said Committee. The CSR activities of the Company will be





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monitored by the CSR Committee of the Board of Directors. The Executive Director of the Company shall submit a half – yearly report to the CSR Committee, within 30 days from the end of the half – year, setting out details of CSR activities undertaken and in the prescribed format.

The CSR Committee of the Company can authorize the Executive Director to perform following functions:

- a. where required, create a working group to develop the CSR Commitments of the Company;
- b. include employees in the process of implementing the CSR activities being carried out by the Company.
- c. create a CSR working group or hold a contest for the best suggestions, encouraging employees and their representatives to put some thought into their submissions.
- d. review the CSR priorities to determine which codes of ethics or conduct fit best with the firm's goals.

B. Thrust Areas for CSR Activities in KIL

The Company will continue to focus its efforts in the sectors of Education and Healthcare, through Kirloskar Foundation, a trust registered to implement initiatives in these areas.

However, the Company's commitment to CSR may be manifested by also investing resources in any of the following areas:

1. Eradicating hunger, poverty and malnutrition, promoting healthcare including





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- preventive health care and sanitation and making available safe drinking water;
2. Promoting education, including special education and employment enhancing vocation skills especially among children, woman, elderly and the differently abled and livelihood enhancement projects;
 3. Promoting gender quality, 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;
 4. 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.
 5. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art, setting up of public libraries, promotion and development of traditional arts and handicrafts;
 6. Measures for the benefits of armed forces veterans, war widows and their dependents;
 7. Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
 8. Contribution to the Prime Minister's National Relief Fund or any other fund





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set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Schedules Tribes, other backward classes, minorities and women;

9. Contributions of funds provided to technology incubators located within academic institutions which are approved by the Central Government.

10. Rural developments projects.

The surplus arising out of the CSR activities will not be considered as a part of the business profits of the company.

C. Monitoring CSR Activities:

The CSR Committee shall be responsible for monitoring the CSR Policy from time to time.

The Executive Director shall prepare and present a detailed report on the CSR activities finalized, to be carried out in each financial year, for the approval of the CSR Committee. The CSR Committee shall approve and recommend to the Board, the projects or programs to be undertaken, the modalities of execution and implementation schedule from time to time.





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7. GENERAL

Any or all provisions of the CSR Policy would be subject to revision / amendment in accordance with the guidelines on the subject as may be issued from the Government from time to time or as decided by the Board of Directors of the Company.

For Kirloskar Industries Limited



ATUL C. KIRLOSKAR



CHAIRMAN OF THE BOARD

Date: 16 October 2014