

Corporate Social Responsibility (CSR)

Kadimi Tool Manufacturing Co Pvt Limited

CSR Policy, Process & Procedure

1. Preamble

Corporate Social Responsibility (CSR) is the Company's commitment to its stakeholders to conduct business in an economically, socially and environmentally sustainable manner that is transparent and ethical. Kadimi Tool Manufacturing Co Pvt Limited believes that corporate development has to be inclusive and every organization has to be responsible for the development of a just and humane society that can build a national enterprise.

Kadimi Tool commits itself towards CSR and to undertake CSR activities in accordance with the provisions of Section 135 of the Indian Companies Act, 2013 and CSR Rules notified by Ministry of Corporate Affairs, Government of India. It shall apply to all CSR projects and programs undertaken by the company within the geographical limits of India alone.

2. Vision Statement and Objective

Kadimi Tool aspires to be a responsible corporate Citizen, by contributing to nation building through CSR projects/ programs, as per the CSR Rules.

The CSR policy has been formulated in aligned with the Vision of the Company and lays down the guidelines to be followed and adopted for undertaking CSR projects/ Programs.

The CSR projects will be undertaken to empower the society and community, especially the less privileged. With this objective Kadimi Tools commits itself to contribute to the society in ways possible for the organization through its core team, as a means for fulfilling this commitment.

3. CSR Committee Composition

Kadimi Tool has formulated a Corporate Social Responsibility Committee (CSR Committee) under the provisions of section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The CSR Committee of Kadimi Tool will consist of four (4) Directors. Members of the CSR Committee may be replaced by any other member of the Board.

Corporate Social Responsibility Committee comprises following members:

1. Mr. Rakesh Gupta, Chairman
2. Ms Siobhan Roche, Member
3. Mr. Thomas Lloyd Jarboe, Member
4. Mr. Sahil Nath, Member

The Committee shall meet as often as it is required. Minimum two (2) members shall constitute a quorum for the Committee meeting consisting of either one from Mr. Rakesh Gupta or Mr. Sahil Nath or second one from Ms. Siobhan Roche or Thomas Lloyd Jarboe. This committee will meet once every quarter. The committee may transact business (es) through circular resolution.

Functions of CSR Committee

- i. Formulate and recommend to the Board, amendments in the Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by Kadimi Tool as specified in Schedule VII of the Companies Act 2014.
- ii. Advice on the approach for carrying out activities and necessary budget.
- iii. Approve projects that are in line with the CSR policy of Kadimi Tool.
- iv. Institute a transparent mechanism for implementation of the CSR projects and activities.
- v. Effectively monitor the execution of the CSR activities.
- vi. Recommending to Board, modifications to the CSR policy as and when required.
- vii. Any other matter directly or indirectly related to CSR compliance.

4. CSR Budget

In every financial year, Kadimi Tool shall spend a minimum of 2% of its average Net Profits in the immediately preceding three (3) financial years. Average Net profits shall mean the net profits of the Company as per the Profit & Loss Statement prepared in accordance with the Companies Act, 2013; Net Profits shall exclude (a) profits arising from any overseas branch or branches of Kadimi Tool (whether operated as a separate company or otherwise); or (b) dividend received from other companies in India.

- i. CSR Expenditure shall mean all expenditure incurred in respect of specific projects/programs relating to the approved CSR activities.
- ii. CSR Expenditure shall not include expenditure on an item not in conformity or not in line with activities which fall within the purview of the CSR activities listed in Schedule VII.
- iii. The surplus arising out of the CSR activities or projects shall not form part of the business profit of Kadimi Tool.
- iv. Contributions by other Kadimi Tool affiliates or employees may also be received and utilized in respect of the CSR activities undertaken.

5. Modalities of execution for CSR activities:

Kadimi Tool will undertake CSR activities as its own or through any or all of the following agencies:

- i. A registered trust, society of section 8 companies which is not established by Kadimi Tool provided it shall have an established track record of three years in undertaking similar projects or programs and activities to be undertaken by these entities are those which are specified by the Kadimi Tool.
- ii. Enter into partnerships or alliances with NGOs, Trusts, or other Corporate Foundations etc. to effectively implement its CSR programs/projects.

Execution of the CSR projects will be undertaken by CSR Executing Team led by **CSR Nodal Officer** duly appointed by CSR committee.

CSR Executing Team

CSR Executing team will compose of CSR Nodal Officer and 2-3 member representatives of Kadimi Tool.

Responsibilities of Nodal officer

- i. Formulate criteria and procedure for selection, screening and due diligence of its implementing partners in consultation with CSR Committee.
- ii. Identify programs/projects falling within the purview of the schedule VII of the Companies Act, 2014 and determine the implementation schedules for approval by the CSR Committee.
- iii. Coordinate with the members of Executing Committee and provide feedback to the CSR Committee.

Role of Members of the Executing Team

- i. Regular monitoring & evaluation of the implementation of CSR projects approved by the CSR Committee.
- ii. Coordinate regular reports with the implementing agency.
- iii. Encourage its employees for volunteering with the spirit of serving and sharing with the community.

6. CSR Projects, Programs & Activities

Kadimi Tool CSR shall focus on social, economic and environmental impact rather than mere output and outcome. Activities which are ad hoc and philanthropic in nature shall be avoided. Preference will be given to well define operating principles during the planning stage for the identification and implementation of the CSR projects/ Programs in order to ensure optimal utilization of the CSR budget.

Thematic areas under which various activities that can be undertaken in general under CSR are outlined below:

- i) Health & Sanitation
- ii) Education
- iii) Skill Development
- iv) Environment Management

All CSR activities will be in form of Projects/ Programs with clear identified objectives and goals in identified sector along with target beneficiaries and timelines. Need assessment/ Baseline Survey will be taken wherever considered feasible followed by formulation of detailed project report with impact of the activities undertaken. Emphasis will be given on concurrent documentation procedure, periodic review and monitoring.

7. Monitoring and Evaluation

CSR Executing team will be responsible for regular monitoring and evaluation of proposals/ programs for CSR initiatives and report the same to the CSR Committee. A comprehensive monitoring mechanism will be devised to ensure that the CSR process functions as mandated by the Act and the Rules, ensuring that all CSR activities proposed are undertaken as budgeted.

The Monitoring team will entail to following;

- i. Regular field visits to project sites by designated teams;
- ii. Comprehensive documentation/ compilation of field reports;
- iii. Regular feedback with beneficiary communities to obtain feedback;
- iv. Monitoring of timely fund utilization to ensure that Projects are carried out as budgeted;
- v. Ensure that the projects undergo concurrent and final evaluation in order to assess the impact of the projects implemented to maximize the outcomes and sustainability and scalability of Projects/ Programs

8. Documentation and Reporting

Kadimi Tool endeavor to put in place an effective documentation process for its CSR Programs. The CSR Committee will prepare the Annual CSR report and submit to the Board for approval.

The report would indicate:

- i. Details of program/activity undertaken during the period;
- ii. Details of outlay, budgeted vs. actual, and reasons of variance;
- iii. Achievement or impact recorded in the society due to such CSR initiatives

Board will do periodic reviews and communicate its observations to the CSR Committee. The CSR Policy shall be placed on Kadimi Tool' Website. Annual Report on CSR Activities shall be prepared and be attached with Kadimi's Board Report.

9. Accounting and Auditing

Kadimi Tool will follow the Accounting and Auditing Guidance Note/ Standards duly approved by the Ministry of Corporate Affairs, Government of India.

10. Disclosure

Kadimi Tool shall comply with section 135 (2), 134 (4) (1) and 134 (3)(o) of the Act thereby ensuring that it makes a full disclosure of its CSR Policy, strategy, projects/ Programs, Activities, Implementation, Monitoring mechanism, Budget as well as the composition of the CSR Committee of the Board.

Annexure I

CSR Projects/ Programs Listed for Implementation as Presented to the Board by the CSR Committee for Financial Year (FY) 2016-2017 along with CSR Budget

Allocated Budget

Total CSR budget for FY 2016-17 computed as per Section 198 of the Act is Rs. 43.91 lacs i.e. 2% of the Average Net profit made during the three immediate preceding FYs.

Details of CSR projects

| S. No. | Focus Area | Activities Proposed | Location | Proposed Percent contribution |
|--------------|-----------------------------|---|-------------------------------|-------------------------------|
| 1 | Education | Girls education/ infrastructure support | Haryana, Himachal & Rajasthan | 30 |
| 2 | Sanitation & Drinking Water | Construction of toilets/ installation of drinking water facility in schools and community | Haryana & Rajasthan | 25 |
| 3 | Health Care | Health Camps | Haryana & Rajasthan | 20 |
| 4 | Skill Development | Vocational Training | Haryana & Rajasthan | 20 |
| 5 | Natural Resource Management | Water conservation/ Plantation/ Solar Light | Haryana & Rajasthan | 5 |
| Total | | | | 100 |

Annexure II

Format for Annual Report on CSR Activities

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|--------|----------------------------------|--|---|--|--|---|--|
| S. No. | CSR project/ activity Identified | Sector in which the Project is Covered | Project/ programs Local area/ others Specify the State/ district where the projects or programs were undertaken | Amount outlay (budget) project/ program wise | Amount spent on the project/ program Sub heads: 1) Direct expenditure on project, 2) Overheads | Cumulative spend up to the reporting period | Amount spent: Direct through implementing agency |
| 1 | | | | | | | |
| 2 | | | | | | | |
| 3 | | | | | | | |
| | Total | | | | | | |

In case the Kadimi Tool has failed to do the minimum mandated Corporate Expenditure, it shall provide the reasons for doing so in the Board Report.

A responsibility statement of the CSR committee shall also be included in the Board's Report.

Annexure III**Schedule VII**

- i. Eradicating extreme hunger and poverty and malnutrition, promoting preventive healthcare and sanitation and making available safe drinking water;
- ii. Promotion of education; including special education and employment enhancing vocation skills especially among children, woman, elderly and the differently abled and livelihood enhancement projects ;
- iii. Promoting gender equality and empowering women; setting up homes and hostels for women and orphans, setting up old age homes, day care centers, 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 of quality of soil, air and water;
- v. 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;
- vi. Measures for the benefit of armed forces veterans, war widows and their dependents;
- vii. Training to promote rural sports, nationally recognized sports, and paraolympic sports and Olympic sports;
- viii. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments 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; and
- x. Rural Development Projects