



CORPORATE SOCIAL RESPONSIBILITY POLICY

BACKGROUND:

In compliance with the requirements of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, KRN Heat Exchanger And Refrigeration Limited (“the Company”) is, *inter alia*, required to:

- i. Constitute a Board Committee to formulate and recommend to the Board a Corporate Social Responsibility (CSR) Policy, recommend the amount of CSR expenditure and monitor the CSR activities of the Company from time to time.
- ii. Ensure that the Company spends, in every financial year, at least two per cent of the average Net Profits before Tax (PBT) of the Company, made during the three immediately preceding financial years, in pursuance of its CSR Policy.

PHILOSOPHY:

Corporate Social Responsibility (CSR) is a public-spirited cause that has been well introduced by the new Companies Act 2013. Through the CSR there is a formation of a dynamic relationship between a company on one hand and the society and environment on the other. CSR is traditionally driven by a moral obligation and philanthropic spirit.

The main responsibilities of the Company towards society at large are to eradicate hunger, poverty, and malnutrition; promote preventive health care and sanitation and making available safe drinking water, promoting gender equality, and empowering women, contribution towards social and economic development of the local community in which we operate and to society at large.

OUR VISION:

- The Company completely endorses reliability. It is committed to conduct business in a true, fair, and ethical manner and takes up the responsibility to create a good impact in the society it belongs.
- The Company is committed towards improving the quality of lives of people in the communities in which it operates because, the society is an essential stakeholder and the purpose of its existence. The Company believes that giving back to the society through CSR activities is its moral duty.
- The Company aims to fulfill the requirements laid down under the Companies Act, 2013 and act diligently to comply with all its Rules and Regulations on CSR.

APPLICABILITY OF THE POLICY:

- The Company’s CSR Policy has been formulated in consonance with the provisions of Section 135 of the Companies Act, 2013 (referred to as the Act in this Policy), read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 (“CSR Rules”) notified by the Ministry of Corporate Affairs, Government of India including amendments made therein from time to time.
- This Policy shall apply to all CSR projects /programmes undertaken by the Company in India as per Schedule VII of the Act, for the time being in force, preferably in the

vicinity where the Company carries out its business operations and for the benefits of different segments of the society, specifically the deprived and under-privileged.

CSR BUDGET:

The CSR Committee based on the certified calculation undertaken by an Independent Chartered Accountant and presented to the CSR Committee by the management will approve the CSR Budget for the respective financial year.

OBJECTIVE OF THE CSR POLICY:

CSR Policy intends to:

- Strive for economic development that positively impacts the society at large with minimal resource footprint.
- Take up projects/ programmes that benefit the communities in and around its work centres and over a period of time, results in enhancing the quality of life of the people preferably in the area of its business operations.
- Embrace responsibility for the Company's actions and encourage a positive impact through its activities on hunger, poverty, malnutrition, environment, communities, stakeholders, and the society.
- To generate a community goodwill for Company and help reinforce a positive and socially responsible image of Company as a good corporate citizen of the Country.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE COMPOSITION:

In compliance with the CSR Rules, the composition of the CSR Committee shall be as under:

S.No.	Names	Designation	Nature of Directorship
1.	Mr. Santosh Kumar Yadav	Chairman	Chairman and Managing Director
2.	Mr. Ketan Sharma	Member	Non-Executive Independent Director
3.	Mr. Deepak Batheja	Member	Non-Executive Independent Director

The Chairperson of the Committee will be Mr. Santosh Kumar Yadav, Chairman and Managing Director

ROLES AND RESPONSIBILITIES OF CSR COMMITTEE:

The Committee shall:

- 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).
- To recommend the amount of expenditure to be incurred on the activities in a financial year.
- To oversee and monitor the progress of the initiatives rolled out under this Policy.



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- To monitor the Corporate Social Responsibility Policy of the company from time to time.
- To submit a report to the Board of Directors on all CSR activities undertaken during the financial year.
- Any other matter / thing as may be considered expedient by the Members of the Committee in furtherance of and to comply with the CSR Policy of the Company.

MEETINGS:

The Committee shall hold meeting as and when required, to discuss various issues on implementation of the CSR Policy of the Company.

The Committee shall review the implementation of the CSR Programmes once a quarter and issue necessary direction from time to time to ensure orderly and efficient execution of the CSR programmes in accordance with this Policy.

Once in every quarter, it would be the responsibility of the CSR Committee to keep the Board apprised of the status of the implementation of CSR activities.

CSR FOCUS AREAS:

The Company would focus the CSR activities around following thrust areas:

- Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation] and making available safe drinking water.
- Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- 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.
- Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, 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.
- 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;
- 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;
- Training to promote rural sports, nationally recognised sports, paralympic sports and olympic sports;
- 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



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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;

- (a) 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; and
- (b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).
- Rural development projects.
- Slum area development.
- Disaster management, including relief, rehabilitation, and reconstruction activities.

In the event of any unforeseen circumstances such as earthquakes, floods, tsunamis etc. the CSR Committee may decide to support CSR initiatives through NGOs under the project program model and covered under the schedule VII of the Act relating to CSR activities.

The Company's CSR projects and programmes may be undertaken by KRN Heat Exchanger And Refrigeration Private Limited directly. The CSR projects and programmes may also be implemented through public charitable trusts/ not-for-profit companies set up under Section 25 of the Companies Act, 1956 (corresponding to Section 8 of the Act).

IMPLEMENTATION:

The Company's CSR programmes will be identified and implemented according to the approved CSR Policy.

MONITORING AND REPORTING:

Monitoring of the CSR activities may include:

- Periodic third-party assessment of key programs; and
- Reporting the Board periodically on annual budget for CSR expenditure and amount ear-marked for projects on an individual basis.

The Budget for CSR initiatives shall be prepared in accordance with section 135 of the Act, or other statutory enactments.

CSR Projects will be undertaken based to the best possible extent on the recommendation of the CSR Committee within the defined thrust areas.



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Project support will depend on the scale of the project and its feasibility. The CSR Committee will evaluate the project progress.

Surplus arising out of CSR activity, if any, will not form part of business profits of the Company.

The corpus of the CSR Fund would include:

- 2% of the average net profits of the Company made during the three immediately preceding financial years.
- Any income arising therefrom.
- Surplus arising out of the above activities.

All CSR activities covered under this Policy shall be carried out within India.

CSR REPORTING:

The Board Report of a Company shall include an Annual Report on CSR containing particulars specified in Annexure to the CSR Rules as per the prescribed format.

REVIEW OF THE POLICY:

The CSR Committee shall review the CSR Policy annually and make revisions to the same with the approval of the Board.
