



# KALPA-TARU<sup>®</sup>

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## *Corporate Social Responsibility policy (CSR)*

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*(This document intends to lay down framework for CSR activities at KPTL in accordance with regulatory and legislative requirement prescribed under the Companies Act, 2013)*

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2	11 <sup>th</sup> May, 2021	Board of Directors

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## Corporate Social Responsibility

### 1. PHILOSOPHY OF CSR

The world is facing numerous challenges ranging from poverty, malnutrition, environmental degradation, poor healthcare and climate change, inter alia. The social responsibility policy focuses on using the capabilities of business to improve lives and contribute to sustainable living, through contributions to local communities and society at large.

### 2. OBJECTIVE

The objective of the company's CSR policy is to lay down guiding principles for proper functioning of CSR activities to attain sustainable development of the society around the area of operations of the Company.

### 3. CSR VISION

As a responsible corporate citizen, promote Sustainable and inclusive development.

### 4. BACKGROUND OF CSR

Kalpataru Power Transmission Limited (KPTL) is a public limited company. KPTL is one of the largest and fastest growing specialized EPC companies in India engaged in power transmission & distribution, oil & gas pipeline, railways and infrastructure development with a strong international presence.

The company has been engaged in the CSR related activities for more than two decades and has contributed generously in the areas like health-care, education, safe drinking water, food distribution, women empowerment etc. The company has its own registered trust in the name of Kalpataru Welfare Trust. The Company has also incorporated a Section 8 Company limited by Guarantee known as Kalpataru Foundation.

### 5. DEFINITIONS

- (a) "**Act**" means the Companies Act, 2013 (18 of 2013);
- (b) "**Administrative overheads**" means the expenses incurred by the company for 'general management and administration' of Corporate Social Responsibility functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme;
- (c) "**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 Companies (Corporate Social Responsibility Policy) Rules, 2014 (as amended from time to time), but shall not include the following, namely:-

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- (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 under section 182 of the Act;
  - (iv) activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);
  - (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;
- (d) "**CSR Committee**" means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act;
- (e) "**International Organisation**" means an organisation notified by the Central Government as an international organisation under section 3 of the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947), to which the provisions of the Schedule to the said Act apply;
- (f) "**Net profit**" means the net profit of the Company as per financial statements prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely: -
- (i) any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and
  - (ii) any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act:
- (g) "**Ongoing Project**" means a multi-year project undertaken by the Company in fulfilment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced, and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the Board of Directors based on reasonable justification;
- (h) "**Public Authority**" means 'Public Authority' as defined in clause (h) of section 2 of the Right to Information Act, 2005 (22 of 2005);

Words and expressions used and not defined in this Policy but defined in the Act shall have the same meanings respectively assigned to them in the Act.

## 6. NEED FOR THE CSR POLICY

Ministry of Corporate Affairs, Government of India has notified Section 135 being provision relating to CSR with effect from 1<sup>st</sup> April, 2014 and also notified rules namely the Companies (Corporate Social Responsibility Policy) Rules, 2014 which came into

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effect from the said date. Since the Company falls under the criteria provided under Section 135(1) of the Act, it is required to comply with the provisions relating to CSR. The Act requires the Company to spend atleast 2% of the “average net profit” made during 3 immediately preceding financial year on CSR activities as per CSR Policy.

While KPTL has always been at forefront of Voluntary CSR, the introduction of the Section 135 in the Act has made it imperative to institutionalize the CSR activities. In this context, the company has constituted the CSR committee of its directors who have recommended the CSR Policy to the Board of Directors and the Board of Directors have approved the CSR Policy at its meeting held on 10<sup>th</sup> November, 2014. The first amendment to the CSR Policy was approved by the Board of Directors at its meeting held on 30<sup>th</sup> July, 2019. The second amendment to the CSR Policy was approved by the Board of Directors on 11<sup>th</sup> May, 2021.

### **7. CSR COMMITTEE**

KPTL shall have a CSR Committee consisting of three or more directors, as may be decided by the Board from time to time, out of which at least one director shall be an independent director.

### **8. AREAS OF OPERATION**

KPTL has manufacturing units in the State of Gujarat and Chhattisgarh, power generation plants in the State of Rajasthan and has project sites for transmission line installation work, EPC work for Oil and Gas Pipeline and Railways network throughout India and a number of overseas locations. The Company shall carry out CSR activities primarily in the States of Gujarat, Chhattisgarh, and Rajasthan and in areas surrounding the project sites at other locations across India.

The Company shall not undertake any CSR activities outside India under this Policy. However, the Company shall be free to carry out the CSR activities outside India out of the profits and/or revenues generated outside India in terms of the social, contractual or regulatory requirements of respective jurisdiction

### **9. AREAS OF CSR ACTIVITIES**

The Company proposes to carry out the CSR activities in the following areas subject to the approval of the Board / CSR committee from the time to time and subject to allocation of budget and programme / project to be approved by the Board / CSR Committee:

- (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;

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- (iii) Promoting gender equality, 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, 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;
- (v) Protection of natural 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 windows 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, Paralympics sports and Olympic sports;
- (viii) Contribution of 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 Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- (ix) (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).
- (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.

- (xii) disaster management, including relief, rehabilitation and reconstruction activities.
- (xiii) Any other activities as may be permitted under Schedule VII to the Companies Act, 2013, for the time being in force.

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The CSR Committee shall ensure that the CSR contributions made are in line with the Companies Act, 2013 and other KPTL policies.

The Guiding principles for selection of CSR Projects shall be as under:

1. Requests received from Stakeholders of the Company during business operations
2. Need assessment for a particular CSR Project as may be submitted by Business Unit while execution of the business project
3. Outcome of baseline survey or need assessment performed by the Company / relevant Stakeholder
4. Expected Beneficiaries of the CSR Project
5. Community Engagement for the CSR Project
6. Sustainability of the CSR Project;
7. Universe of NGOs working for particular CSR Project in relevant market / area and their expertise to manage the CSR Project;
8. Expected Impact Assessment of the CSR Project etc.

### **10. CARRYING OUT OF CSR ACTIVITIES**

The CSR activities shall be undertaken by the Company either itself or through:

- (a) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company, or
- (b) a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or
- (c) any entity established under an Act of Parliament or a State legislature; or
- (d) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

The Company has two Vehicles namely Kalpataru Foundation and Kalpataru Welfare Trust within the Kalpataru Group for carrying out CSR activities.

The Company shall ensure that every entity through which the Company proposes to carry out CSR activities is registered with the Ministry of Corporate Affairs and has a valid CSR registration number as stated in the Companies (Corporate Social Responsibility Policy) Rules, 2014 (as amended from time to time).

The Company may also engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy as well as for capacity building of their own personnel for CSR. Such engagement shall have approval from CSR Committee of the Company.

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The Company may also collaborate with other companies for undertaking projects or programs or CSR activities including the Group companies. However for such joint projects, it shall be ensured that respective companies are in a position to report separately on such projects or programs in accordance with Companies (Corporate Social Responsibility Policy) Rules, 2014 (as amended from time to time).

### **11. CSR FUNDS UTILIZATION AND MONITORING**

The Chief Financial Officer of the Company shall certify to the CSR Committee and Board on an annual basis that the funds disbursed by the Company for CSR activities have been utilised for the purposes and in the manner as approved by CSR Committee / Board of Directors. The CSR Committee shall monitor the implementation of CSR Projects. The Company shall obtain Project Implementation Report from respective Implementing Partners / Agencies / NGOs upon completion of the project. The Company shall also present CSR project monitoring report to CSR Committee on quarterly basis.

### **12. IMPACT ASSESSMENT**

- (a) If the average CSR obligation of the Company crosses ten crore rupees or more in pursuance of subsection (5) of section 135 of the Act, then the Company shall undertake impact assessment, through an independent agency of their CSR projects having outlays of one crore rupees or more, and which have been completed more than one year before undertaking the impact study.
- (b) The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.

### **13. ANNUAL ACTION PLAN**

The CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of this CSR policy, which shall include the following, namely:-

- the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
- the manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4 of the Companies (Corporate Social Responsibilities Policy) Rules, 2014;
- the modalities of utilisation of funds and implementation schedules for the projects or programmes;
- monitoring and reporting mechanism for the projects or programmes; and
- details of need and impact assessment, if any, for the projects undertaken by the company:

The Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.



**14. CSR EXPENDITURE**

- (1) The administrative overheads on the CSR activities of the Company shall not exceed five percent of total CSR expenditure of the company for the particular financial year.
- (2) Any surplus arising out of the CSR activities shall not form part of the business profit of the Company and shall be ploughed back into the same CSR Project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the Company.
- (3) If the Company spends an amount in excess of requirement provided under sub-section (5) of section 135 of the Act, such excess amount may be set off against the requirement to spend under sub-section (5) of section 135 up to immediate succeeding three financial years subject to the conditions that-
  - (i) the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any, in pursuance of sub-rule (2) of rule 7 of the Companies (Corporate Social Responsibilities Policy) Rules, 2014.
  - (ii) the Board of Directors shall pass a resolution to that effect.
- (4) In case the Company creates or acquires a capital asset from CSR funds, it shall ensure that such capital asset shall be held by –
  - a) a company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number under sub-rule (2) of rule 4 of the Companies (Corporate Social Responsibilities Policy) Rules, 2014; or
  - b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
  - c) a public authority:

**15. DUE DILIGENCE**

The Company Secretary shall be responsible for ensuring that a detailed due diligence is conducted on any individual / entity to whom the contributions are being made. Such due diligence shall be conducted by the Company Secretary as outlined in KPTL policies.

**16. ALLOCATION OF FUNDS**

KPTL shall allocate funds to the tune of at least 2% of the average net profits of the company during the immediately preceding three financial years towards the CSR activities as mentioned above. The CSR Projects shall be carried out after approval of the Board and CSR Committee shall provide their recommendations to the Board on the proposed CSR Projects.

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The Company shall spend the available funds into two kinds of projects or programmes - one is the long term multiyear Ongoing projects and the second is medium to short term projects or programme. The CSR Committee shall be at its liberty to determine the allocation of funds year on year basis between the two categories.

In case of ongoing project, the Board 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.

Any amount remaining unspent under sub-section (5) of Section 135 of the Act, pursuant to any ongoing project, undertaken by the Company shall be transferred by the Company within a period of thirty days from the end of the financial year to a special account to be opened by the company in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account, and such amount shall be spent by the company in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of three financial years from the date of such transfer, failing which, the company shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year.

### **17. ARRANGEMENT FOR CARRYING OUT CSR ACTIVITIES**

The primary responsibility for carrying out the CSR activities is on the CSR Committee of Directors constituted by the Board of Directors of the company. The committee members can however take the support and help of the other employees of the company as per the requirements. The committee may constitute small groups from the employees of different sections for carrying out CSR related activities under its supervision.

If required a local man may be included as a co-coordinator or as a link man to achieve the target as well as ensuring participation of local representatives in formulating activities to obtain maximum benefit for the community.

On a need to basis, close co-ordination shall also be done with Central/ State/ Local Governments/ NGOs etc. to synergize CSR activities with their development programmes. The Company shall also be authorized to appoint agencies and partners to support it for design and implementation of CSR Project. Such appointment shall be approved by Executive Chairman of the Company. All CSR contributions shall be pre-approved by the CSR Committee and in case any red flags are identified basis due diligence conducted, the proposal shall be sent for consultation to Anti Bribery Management System (ABMS) committee.

All the CSR activities shall be monitored by the CSR committee, review discussions shall be held among the committee members and other participants and suggestions for further improvements be discussed in detail. Feedback shall be obtained from local area representatives about the benefits of such activities and/or their suggestions to ensure that the benefits of such activities reach the local community.

**18. DISCLOSURE IN THE REPORT OF BOARD OF DIRECTORS AND DISPLAY ON COMPANY WEBSITE**

As required by the provisions of the Companies Act and Rules made thereunder, the Company shall disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on its website for public access. The CSR Committee shall forward a report to the Board on an annual basis containing particulars as stated under Rule 8(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014. The Board's Report of the Company pertaining to any financial year shall include an annual report on CSR containing particulars specified in Annexure I or Annexure II to the Companies (Corporate Social Responsibility Policy) Rules, 2014, as applicable.

**19. POLICY DOCUMENTS TO BE REFERRED FOR IMPLEMENTATION OF CSR ACTIVITIES**

- (a) CSR policy of Kalpataru Power Transmission Limited
- (b) Provisions of Companies Act, 2013 relating to CSR and Companies (CSR Policy) Rules, 2014.
- (c) Any subsequent notification / circular / amendments / modification / revision / addendum to the aforesaid acts and rules issued by the Ministry of Corporate Affairs, Government of India.

**20. GENERAL**

- (a) The company reserves the right to modify, cancel, add or amend any of the above rules / guidelines within the broad parameters of the provisions of Companies Act, 2013 and Companies (CSR Policy) Rules, 2014 and any amendments made thereto.
- (b) In case of any doubt with regard to any of the provisions of the policy and also in respect of any matters not covered therein, the interpretation and decision of the Chairman of the Board shall be final.

**Annexure A**

This approval form must be completed and approved prior to offering or giving any Contribution on behalf of the Company to any organization.

Please direct any questions that you may have regarding this form to the Company Secretary and BU Head (who forms part of the ABMS committee).

**Section A: Information about the Contribution**

1. Describe the Contribution, including the name of the Recipient, the cost to the Company, and the relationship between the Company and the Contribution recipient.
2. Describe how the proposed Contribution arose and whether any person or party outside of the Company requested the Contribution (the “Requestor”) and the relationship between the Company and the Requestor.
3. Has the Contribution recipient submitted a written request or other document containing (i) information about the Recipient, (ii) a description of the type of Contribution requested, and (iii) an explanation of what the Contribution will be used for?

Yes       No

If yes, attach the written request or other document to this form.

If No, ask Contribution recipient to submit such a written request or other document. A failure to provide such written documentation may result in the Contribution not being approved.

4. Has any due diligence been conducted on Recipient and Requestor (if any) in the past?

Yes       No

If yes, attach a copy of all prior due diligence documentation.

5. Please attach a copy of Recipient’s license, government authorization, or other documentation evidencing that it is a legitimate organization.

6. Does the Company have a prior relationship with Recipient or Requestor?

Yes       No

If yes, describe relationship and list any prior Contributions, including dates, made by the Company.

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7. List the people who have communicated with the Company concerning the requested Contribution, including any Requestor, and indicate whether each is an external stakeholder.<sup>1</sup>

Name	Position/Title	Government Official (Yes / No)

8. Is Contribution recipient a government entity, institution or agency?

Yes       No

If yes, please describe.

9. Are any of the stakeholders, affiliated with the contribution recipient, related to a Government / Public Entity <sup>2</sup> ? (stakeholders can be board members, in case of a body corporate contribution recipient; spouse / family member / other relative in case of an Individual contribution recipient) ?

Yes       No

If yes, please explain.

10. Has anyone stated or implied that the Company will (i) suffer adverse governmental action if the requested Contribution is not made (including losing an opportunity to secure an approval, license or other discretionary act from a government organization or other institution in which a government has an interest), or (ii) receive some sort of benefit if the Contribution is made (such as receiving a government license or permit)?

Yes       No

If yes, please describe.

11. Based on your investigation of this Recipient and Requestor (if any), do you have any reason to question whether some or all of the requested Contribution will be diverted for an improper purpose, such as to benefit a Public Official personally or may be part of an exchange of favors with a Public Official?

Yes       No

\_\_\_\_\_

<sup>1</sup> For purposes of this form, Government Official follows the definition provided in KPTL’s ABAC Policy.

<sup>2</sup> For purposes of this form, viii. Government/ Public Entity follows the definition provided in in KPTL’s ABAC Policy.

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If yes, please describe.

12. Does the Contribution comply with the KPTL ABAC Policy and all other applicable Company policies?

Yes       No

If No, Contribution must not be made.

13. Is the Contribution appropriate and without any appearance of impropriety or any reputational risk to the Company (e.g., appearance of possible conflict of interest, improper inducement, favoritism, etc.)?

Yes       No

If No, the Contribution must not be made.

After you have signed above, please have this form and the Contribution described herein approved by the Company Secretary and BU Head (who forms part of the ABMS Committee).

**BU Head (who forms part of the ABMS Committee)**

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**Company Secretary**

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Approval Number: \_\_\_\_\_

<b>CONTRIBUTION IS:</b> <input type="checkbox"/> <b>APPROVED</b> <input type="checkbox"/> <b>REJECTED</b> <input type="checkbox"/> <b>WITHDRAWN</b>
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Once the Company Secretary and BU Head (who forms part of the ABMS Committee) have approved this form, they will submit the proposal for approval to CSR Committee and thereafter, to the appropriate Finance function with responsibility for the payment approval process.