

KARBONSTEEL ENGINEERING LIMITED

Corporate Social Responsibility Policy

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Preamble

Pursuant to Section 135 of the Companies Act, 2013 (“the Act”) read with the Companies Rules, 2014 (“the Rules”), alongwith statutory amendment and modification thereto, the Company has adopted this Corporate Social Responsibility Policy of Karbonsteel Engineering Limited (“CSR Policy”) as approved by the Board of Directors of the Company at its meeting held on 31st August, 2024 and shall come into immediate effect.

Company Philosophy for CSR Policy:

CSR is a positive step and the company appreciates the decision taken by the Government of India. The Legal framework for CSR is an edge to Corporate Charitable/reformative approach towards the Society to which the Corporate belongs. By introducing the separate section for CSR in Companies Act, 2013, the Government has granted legal recognition to the corporate approach towards community development.

The management of the Karbonsteel Engineering Limited expresses its willingness and support to the CSR concept, its legal framework and shall be abided to it.

Corporate Social Responsibility Committee:

a. **Constitution of CSR committee**

The Corporate Social Responsibility (CSR) Committee of the Company shall be constituted in accordance with the provisions of Section 135 of Companies Act, 2013 and the Rules made thereunder which comprises the following Directors as its members;

Name of the Director	Status in Committee	Nature of Directorship
Sunil Kathariya	Chairman	Independent Director
Saurabh Bhansali	Member	Non-executive Director
Shrenik Kirit Shah	Member	Managing Director

The Board of Directors of the Company may re-constitute the Committee, as and when required to do so, by following the provisions of the Companies Act, 2013 and rules made thereunder.

The Board of Directors shall exercise powers and perform the functions pursuant to section 135 of the Companies Act, 2013 and CSR Rules notified with regard thereto.

b. **Meeting of the Committee**

For smooth functioning of the Committee, the members shall meet as below to discuss such matters and to take such decisions as may be necessary;

- The CSR Committee shall hold a minimum One meeting in a year.
- The quorum for the CSR Committee Meeting shall be one-third of its total strength or two members, whichever is higher.

- The Members of the Committee may participate in the meeting either in person or through video conferencing or other audio visual means as may be convenient.

c. Powers and Functions of CSR Committee

The CSR Committee of the Company is vested with the following functions and powers:

- To formulate a CSR policy and recommend to the Board for their approval which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
- To formulate Annual CSR Action Plan of the Company.
- To review and recommend the amount of expenditure to be incurred on activities specified in Schedule VII of the Companies Act, 2013 and rules made thereunder;
- To institute a transparent monitoring mechanism for the implementation of CSR projects, programs and activities undertaken by the company from time to time;
- To monitor the CSR policy of the Company from time to time.
- Any other matter of the CSR committee may deem appropriate after approval of the Board of Directors or as may be delegated by the Board.
- To ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the Company for the financial year.
- To review instances where the Company has spent an amount in excess of the statutory CSR obligation and recommend to the Board, where appropriate, the set-off of such excess amount against the CSR obligation of the succeeding financial years, in accordance with Section 135 of the Companies Act, 2013 and applicable CSR Rules.

CSR Activities:

The Company shall undertake the activities as recommended by the CSR committee and approved by the Board in accordance with the provisions of Section 135 of the Companies Act, 2013 read with Schedule VII and Companies (CSR Policy) Rules, 2014;

- (i) 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.
- (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.
 - (xiii) Creating health infrastructure for COVID care, establishment of medical oxygen generation and storage plants, manufacturing and supply of Oxygen concentrators, ventilators, cylinders and other medical equipment for countering COVID-19 or similar such activities as are eligible CSR Activities under item nos. (i) and (xii) of Schedule VII of the Companies Act, 2013 relating to promotion of health care, including preventive health care, and, disaster management respectively.

Any other activities which may be included by Ministry of Corporate Affairs (MCA by way of any amendment to Schedule - VII or otherwise included by way of clarification, notification, order or circulars by MCA.

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.

Budget for CSR Activity& CSR Expenses:

The Company shall allocate the budget for CSR activities. The minimum budgeted amount for a financial year shall be 2% of the average net profit of the Company made during the three immediately preceding financial years, calculated as per Section 198 of the Companies Act, 2013. The Company may allocate more fund/amount than the amount prescribed under section 135 of the Companies Act, 2013, for the CSR activities for any financial year. The CFO or the person responsible for financial management shall certify that the funds disbursed have been utilized for the purpose and in the manner approved by the Board..

CSR expenditure shall include all expenditure including contribution to corpus for projects or programs' relating to CSR activities approved by the Board but does not include any expenditure on an item not in conformity or not in line with activities which fall within the approved CSR activities.

Implementation process:

After prioritizing the activity the Board shall finalise the detail implementation Project/programme, including planning for expenses against the total budget allocated for CSR activities.

Organisational Responsibility:

At organisational level for implementation of agreed CSR activity, the Committee/Board shall ensure that the CSR activities are undertaken by the Company itself or through a registered and eligible Implementation Agency. Such agency must be registered with the MCA by filing Form CSR-1, as per Rule 4(2) of the CSR Rules. must be registered with the MCA by filing form CSR-1. The team or respective department shall monitor the implementation process from time to time, on behalf of the Board and place a report to the Board regarding the progress of the activity implementation, on a quarterly basis. The respective department or implementation team would be responsible for reporting of any irregularity to the Board on immediate basis.

Annual Action Plan:

The Annual action plan will be formulated by the CSR Committee and the same will be recommended to the Board. The annual action plan in pursuance of its CSR policy, shall include the following, namely:-

- a. the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
- b. the manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4;
- c. the modalities of utilisation of funds and implementation schedules for the projects or programmes;
- d. monitoring and reporting mechanism for the projects or programmes; and
- e. 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.

Monitoring by the Board:

The Board of Directors shall constantly monitor the implementation of the CSR activities.

a. Role of the Board of Directors:

- ✓ The Board of Directors shall approve the CSR policy and the Annual CSR Action Plan of the company.
- ✓ The Board of Directors shall endeavor that the Company spends 2% of the average pretax net profits of the Company made during the 3 immediately preceding financial years in pursuance of its CSR Policy.
- ✓ 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 their website, if any, for public access.
- ✓ The Board may extend a non-ongoing project beyond one year based on reasonable justification.
- ✓ The Board shall ensure that the CSR activities are undertaken by the Company itself or through a registered and eligible Implementation Agency.
- ✓ 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.
- ✓ 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.
- ✓ The Board may alter the CSR Annual Action Plan at any time during the financial year.
- ✓ The Board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the Company for the financial year.
- ✓ 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 – (i) the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any. (ii) the Board of the Company shall pass a resolution to that effect.

b. Compliance and Reporting to Board:

The Board is responsible to undertake CSR activities as per the approved CSR Policy, a detail report containing the implementation schedule, total budget allocated, actual expenses incurred, surplus

arising, if any, result achieved, further work to do in the concern CSR activity, Recommendation for the CSR activities for next year etc. should be placed before the Board for its consideration. Any surplus arising out of the fund allocated for CSR activity shall not be the part of the business profit of the Company and shall be ploughed back into the same project or transferred to the Unspent CSR Account or to a Fund specified in Schedule VII, as applicable.

Management Commitment:

Our Board of Directors, our Management and all of our employees subscribe to the philosophy of compassionate care. We believe and act on an ethos of generosity and compassion, guided by a commitment to building an inclusive and equitable society. This is the cornerstone of our CSR policy.

Our Corporate Social Responsibility policy conforms to the relevant section of the Corporate Social Responsibility and Rules made thereunder Companies Act, 2013 and amendment(s) to be made thereto in future.

Dissemination of the Policy

The policy shall be hosted on the website of the Company i.e. www.karbonsteel.com

Effective Date: August 31, 2024

Date of Approval by Board of Directors: August 31, 2024