



Enriching Lives

KIRLOSKAR BROTHERS LIMITED

A Kirloskar Group Company

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY OF KIRLOSKAR BROTHERS LIMITED

OVERVIEW

The Kirloskar Brothers Limited 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 towards its social obligations for the society in the vicinity of all its manufacturing locations and its subsidiary companies, collectively referred to as the KBL.

The intention of integrating these objectives with the operations and growth of each entity in KBL is to pursue a higher level of performance in the CSR, which will create sound systems for purposeful contribution to societal causes. Successive efforts in this direction will help strengthen the sustenance of KBL values.

At KBL, CSR manifests itself as a critical indicator to distinguish a corporate citizen aligned with its business principle within the overall requirements of the Companies Act, 2013 and rules made thereunder from time to time.

The key drivers for CSR at KBL are:

- At KBL we believe that serving society is our prime purpose. We conduct our business responsibly and execute strategies that take technology, product and services to help generate sustainable livelihood for the underprivileged. We are voluntarily meeting obligations towards serving the nation at large in line with KBL's tradition and heritage.
- KBL's social programmes are intended to bring about a perceivable improvement in attitude, culture and values amongst our employees and community in order to improve the quality of their life.
- Conservation of natural resources and commitment to Green Environment.
- Developing business processes which are environmentally and socially sustainable by giving importance to societal and environmental attributes.

CSR AT KIRLOSKAR BROTHERS LIMITED (KBL)

1. KBL draws its inspiration for conducting CSR activities from the legacy of its founders. Also as a matter of fact, KBL itself is a beneficiary of CSR generosity bestowed by people like, late Mr. Ramkrishna Vishnu Ginde, who lent money to Late Mr. Laxmanrao Kirloskar, Shri Balasaheb Pant Pratinidhi, a ruler of the state of Aundh, who had offered a land and capital to situate the factory at Kundal, near Satara.
2. CSR is the path that will be followed to meet our wider obligation towards society and community. A responsible organization recognizes that its activities have an impact in the society in which it operates. CSR is expected to extend beyond the statutory requirements and help people improve quality of their life.
3. While designing products, care is taken by the Company to protect the environment and minimize adverse impact if any, on the society at large. The rationale for CSR is articulated to build in a sustainable business model which will be conducive for a healthy society.
4. The Company is committed to uphold the interests of all the stakeholders by implementing the guidelines given in the Business Excellence Model.

IMPLEMENTATION OF CSR IN KBL

A. Funds to be expended per financial year

1. The Company shall spend at least 2 % (two percent) of the average net profits, calculated in accordance with the provisions of Companies Act, 2013 and rules thereof, made by it in three immediate preceding financial years, in every financial year.
2. All allocated contribution towards CSR should be utilized during the year itself. Any income or surplus arising out of CSR activities undertaken by the Company will be earmarked for CSR activities only.
3. No contribution to any political party or for any political purpose shall be made out of CSR contribution.
4. 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.

5. The expenditure incurred on activities undertaken by the Company in pursuance of normal course of business shall be excluded from CSR expenses and also any expenditure on any item not in conformity of the Companies Act, 2013 and the rules made thereunder.
6. The expenditure incurred on building CSR capacities of KBL's personnel as well as implementing agency shall not exceed 5 % of total actual CSR expenditure incurred in each financial year.

B. Distribution of Funds to be expended every financial year

1. The layout of the expenses shall be allocated for all eligible activities as more specifically mentioned under Schedule VII of the Companies Act, 2013 including activities relating to Education including employment enhancing skills.
2. Expenditure on eligible projects and programs other than education, shall be undertaken by the Company directly or through an implementing agency to appointed by the Steering Committee, fulfilling the criteria as mention under the Companies Act, 2013 read with relevant rules thereunder.
3. The total eligible funds as allocated above for education; including employment enhancing skills shall be administered through the implementing agency namely, Vikas Charitable Trust (VCT).
4. The Managing Committee of VCT and the implementing agency will evaluate the projects in these areas and will recommend the eligible projects to the CSR Steering Committee of the Company. Once approved by the Committee and on approval by the CSR Committee the funds will be allocated to those identified projects and the Managing Committee of VCT and agency shall present a detailed execution and monitoring report on a monthly basis to the CSR Steering Committee. The Steering Committee will in turn present the same to the CSR Committee every quarter and the CSR committee will present the report to the Board every six month.
5. The Company can also allocate the expenditure on CSR within the overall limit and for the projects directly under the supervision of Steering Committee subject to the approval by the CSR committee.

C. CSR Committee

The Board of Directors of the Company shall constitute a CSR committee as well as formulate functions of the Committee. The CSR activities of the Company will be monitored by the CSR Committee of the Board of Directors.

The CSR committee of the Company may authorize the Executive Director or the Managing 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.

D. Steering Committee

A steering committee shall be constituted and shall consist of the following officials of the Company;

- Head – Corporate Human Resource
- Head – Corporate Finance
- Company Secretary

The Committee shall evaluate and recommend the identified projects for funding under CSR to the CSR Committee of the Board.

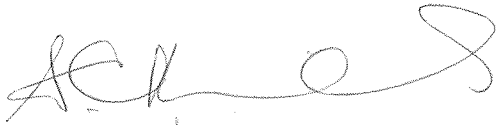
The Managing Committee of VCT and the agency shall submit a monthly report regarding the status of fund allocated to the projects under CSR activities.

The Steering Committee shall be responsible for monitoring the overall utilization of funding towards the CSR activities as provided in the policy.

The Steering Committee shall forward a quarterly report to the CSR committee of the Board regarding the status of the CSR activities undertaken by or on behalf of the Company.

The CSR committee of the Board may recommend to the Board for its approval any other CSR programmes or projects or activities not covered in this policy which are within purview of Companies Act, 2013 and rules made thereunder.

For Kirloskar Brothers Limited

A handwritten signature in black ink, appearing to read 'Sanjay C. Kirloskar', written in a cursive style.

Sanjay C. Kirloskar
Chairman & Managing Director

Date: May 17, 2017