

Maruichi KUMA Steel Tube Pvt Ltd.

Corporate Social Responsibility Policy

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1. INTRODUCTION

The concept of Corporate Social Responsibility (CSR) has gained prominence from all avenues. Government incorporated CSR concept in Companies Act, 2013 with intention of direct participation by companies so that society may get benefit at large at speedy level.

Ministry of Corporate Affairs has notified Section 135 of the Companies Act, 2013 and Schedule VII thereto along with the Companies (Corporate Social Responsibility Policy) Rules, 2014 (hereinafter "CSR Rules), effective April 01, 2014, including any amendments thereto from time to time.

This Corporate Social Responsibility Policy (hereinafter "CSR Policy) of Maruichi KUMA Steel Tube Private Limited ("the Company" or "KUMA") has been prepared pursuant to Section 135 of the Companies Act, 2013 and the CSR Rules and any amendments thereto from time to time. This CSR policy should serve as the referral document for all CSR-related activities at KUMA.

2. DEFINITIONS:

- a) "Act" means the Companies Act, 2013.
- b) "Corporate Social Responsibility (CSR)" means and includes but is not limited to:-
 - i) Projects or programs relating to activities specified in Schedule VII to the Act and the Rules framed thereunder (including any amendments thereto from time to time); or
 - ii) Projects or programs relating to activities undertaken by the Board of Directors of the Company in pursuance of recommendations of the CSR Committee of the Board as per declared CSR policy of the Company subject to the condition that such policy will cover subjects/activities enumerated in Schedule VII to the Act including any substitution/modification thereto from time to time.
- c) "CSR Policy" relates to the activities to be undertaken by the Company as specified in Schedule VII to the Act and Rules made thereunder and the expenditure thereon, excluding activities undertaken in pursuance of normal course of business of the Company, if any.
- d) "Net profit" means the net profit of the Company as per its annual 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, if any, 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:

Provided that net profit in respect of a financial year for which the relevant financial statements were prepared in accordance with the provisions of the Companies Act, 1956, (1 of 1956) shall not be required to be re-calculated in accordance with the provisions of the Act.

3. CSR Vision Statement & Objective

3.1 Vision Statement

In alignment with its vision, KUMA, as its CSR initiatives, will continue to enhance value creation in the society and in the community in which it operates, through its services, conduct and initiatives, so as to promote sustained growth for the society and community in fulfilment of its role as a *Socially Responsible Corporate*.

3.2 Objective

The main objectives of CSR Policy are:

- i) To directly or indirectly take up programs that benefit the communities in and around KUMA's workplace and results, over a period of time, in enhancing the quality of life and economic well-being of the local populace.
- ii) To generate through its CSR initiatives, a community goodwill for the Company and help reinforce a positive & socially responsible image of the Company as a corporate entity and as a good Corporate Citizen.
- iii) Ensure commitment at all levels in the organization, to operate its business in an economically, socially and environmentally sustainable manner, while recognizing the interest of all its stakeholders

4. EXPENDITURE

In every financial year, the Company shall, with the recommendation of its CSR Committee and approval of its Board of Directors, make a budgetary allocation for CSR and Sustainability activities / projects for the year. The budgetary allocation will be at least two percent of the average net profits of the Company made during the three immediately preceding financial years.

CSR expenditure shall include all expenditure including contribution to corpus, for projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee, but does not include any expenditure on an item not in conformity or not in line with activities covered under the purview of Schedule VII to the Act and the Rules made thereunder. The surplus arising out of the CSR projects or programs or activities shall not form part of the business profits of the Company. Any income arising from the contribution towards CSR activities will be used for CSR only. The Corpus would thus include (a) 2% of average net profits, as aforesaid; and (b) surplus arising out of CSR activities.

Tax treatment of CSR spend shall be in accordance with the Income Tax Act, 1961 read with the Finance Act as may be notified by the Central Board of Direct Taxes, from time to time.

5. CSR ACTIVITY AREAS/ SCOPE

5.1 The CSR activities shall be undertaken by the Company, as per its stated CSR Policy, as projects or programs or activities (either new or ongoing), excluding the activities undertaken in pursuance of its normal course of business.

5.2 KUMA may join hands and the resources for undertaking CSR activities with any other company / schools /any Civil Society Organizations / Government bodies / registered trusts /registered society / Section 8 companies, etc. or otherwise:

Provided that-

- a) if such trust, society or company or other entities is not established by the company, it shall have an established track record of at least three years in undertaking similar programs or projects;
- b) KUMA has specified the project or programs to be undertaken through these entities, the modalities of utilization of funds on such projects and programs and the monitoring and reporting mechanism.

5.3 CSR projects or programs or activities undertaken by KUMA in India only, shall amount to expenditure towards CSR activities. The CSR projects or programs or activities that benefit only the employees of the Company and their families shall not be considered as CSR activities in accordance with Section 135 of the Act.

5.6 As per the Schedule VII read with Section 135 of the Companies Act, 2013, the following activities would be allowed as a part of CSR activities by the Company:

- 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 vocational 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, 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 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 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, para-olympic sports and Olympic sports;

- viii) Contribution to the Prime Minister's National Relief 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) Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- x) Rural development projects;
- xi) Slum area development.

The above list is illustrative and not exhaustive.

6. IMPLEMENTATION AND MONITORING

6.1 Implementation

For effective compliance, execution, supervision and reporting, the Managing Director will have a team of officials to assist him in co-ordination work, which will in no way detract from the importance of CSR and sustainability work in which all the supervisory staff, in all departments, may be continuously engaged in.

The reports regarding the progress in the implementation of CSR and Sustainability activities shall be submitted to the CSR Committee from time to time. The CSR Committee will, in turn, submit the reports to the Board of Directors for their information, consideration and necessary directions.

6.2 Monitoring

- a) Corporate social responsibility activities will be monitored by the CSR Committee. The Company will institute a well-defined monitoring and evaluation mechanism to ensure that each social project has:
 - Clear objectives developed out of the social/environmental/sustainability needs that are determined through baseline studies and research;
 - Clear targets, timelines and measurable parameters wherever possible;
 - A progress monitoring and reporting framework that is aligned with the requirements of Section 135 read with Schedule VII of the Companies Act and the CSR Rules
- b) The CSR Committee of the Company will monitor the progress of the CSR Programs conducted by the Company as and when required to be monitored.

7. ROLE OF CSR COMMITTEE, QUORUM AND THE BOARD

7.1 Role of the CSR Committee

Pursuant to Section 135 of the Act, KUMA shall have a Corporate Social Responsibility (CSR) Committee of the Board consisting of three directors, out of which at least one director shall be an independent director.

The Corporate Social Responsibility Committee shall:

- a) 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 to Companies Act, 2013 and the Rules made thereunder, including any amendment/s thereto from time to time;
- b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a) above; and
- c) monitor the implementation of the Corporate Social Responsibility Policy of the Company from time to time.

Quorum

The quorum necessary for the transaction of business at the meeting/s of the CSR Committee shall be $1/3^{\text{rd}}$ of its total strength or two directors, whichever is higher. A duly convened meeting of the Committee, at which a quorum is present, shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

7.2 Role of the Board

The Board shall:

- a) after taking into account the recommendations made by the CSR Committee, approve the Corporate Social Responsibility Policy for KUMA and disclose contents of such Policy in its Report and also place it on the Company's website, if any, in such manner as may be prescribed;
- b) ensure that the activities as are included in Corporate Social Responsibility Policy of KUMA are undertaken by the Company;
- c) ensure that the Company spends, in every financial year, at least two percent (2%) of its average net profits made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy, provided that the Company shall give preference to the local area/s around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities.
- d) If the Company fails to spend such amount, the Board shall, in its report made under clause (o) of Sub-Section (3) of Section 134 of the Companies Act, 2013, specify the reasons for not spending the amount.

8. REPORTING AND DISCLOSURE

8.1 Annual Reporting

The Board's Report of KUMA shall include an annual report on CSR (format annexed herewith) containing particulars as specified in the Annexure to the CSR Rules, 2014.

8.2 Company's Website

1							
2							
	Total						

*Give details of implementing agency:

1. In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report.
2. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

This Policy can be amended ,rescinded or modified by the Board of Directors of the Company .
