



KAYCEE INDUSTRIES LIMITED

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POLICY ON CORPORATE SOCIAL RESPONISBILITY

1. About Corporate Social Responsibility

Social responsibility is a duty of corporations to set aside part of their profits for societal development without expecting anything in return. Society needs support to progress; economic growth alone is meaningless if it isn't matched by social advancement, because otherwise only a few will enjoy the benefits while many are left behind. For growth to be inclusive and balanced, every citizen — including businesses — must shoulder some social responsibility. Accordingly, this duty has been formalized by requiring companies to earmark a portion of their profits for social development.

2. CSR Expenditure

The Company shall spend at least 2% of the average net profits of the company made during the three immediately preceding financial years, in pursuance of this Corporate Social Responsibility Policy towards various enumerated social activities

"Net profit" shall not include such sums as may be prescribed, and shall be calculated in accordance with the provisions of section 198 of the Companies Act 2013:

The company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities,

If the company fails to spend such amount, the Board shall, in its report, specify the reasons for not spending the amount and, unless the unspent amount relates to any ongoing project, transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

If the company spends an amount in excess of the requirements provided under Section 135(5) of the Companies Act 2013, the company may set off such excess amount against the requirement to spend under aforesaid Section for such number of succeeding financial years and in such manner.

3. Unspent Corporate Social Responsibility Account

Any amount remaining unspent pursuant to any ongoing project undertaken by the company in pursuance of its Corporate Social Responsibility Policy, 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.

“Ongoing Project” means a multi-year project undertaken by a 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 based on reasonable justification;

4. Social Activities

The Company shall undertake the activities within the frame work of Schedule VII to the Companies Act, 2013.

5. Activities not falling under CSR

“CSR” means the activities undertaken by a Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in these rules, but shall not include the following, namely:

- a) activities undertaken in pursuance of normal course of business of the company;
- b) 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;

- c) contribution of any amount directly or indirectly to any political party under section 182 of the Act;
- d) activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);
- e) activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;
- f) activities carried out for fulfillment of any other statutory obligations under any law in force in India

6. CSR Implementation. –

The Board of Directors shall ensure that the CSR activities are undertaken by the company itself or through following Company/Trust / Society /entity registered with the Central Government for undertaking CSR Activities.

- 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.

7. CSR Expenditure.

The board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year

“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

8. Surplus arising out of CSR Activities

Any surplus arising out of the CSR activities shall not form part of the business profit of a company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

9. CSR Reporting.-

The Board's Report of a company pertaining to any financial year shall include an annual report on CSR containing particulars specified in relevant Annexure under CSR Rules

10.Display of CSR activities on its website.

The Board of Directors of the Company shall mandatorily disclose the CSR Policy and Projects approved by the Board on their website, if any, for public access.

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