

L.G.BALAKRISHNAN & BROS LIMITED

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Corporate Social Responsibility Policy

PREAMBLE

The Board of Directors (the “Board”) of L G Balakrishnan & Bros Limited (the “Company”) has adopted the following policy and procedures with regard to Corporate Social Responsibility as below. The Board may review and amend this policy from time to time.

The Board of Directors (hereinafter referred to as 'the Board') of L G Balakrishnan & Bros Limited (hereinafter referred to as 'Company') has decided to adopt its CSR policy that will comply with the objectives and requirements set both in section 135 of the Companies Act, 2013 (hereinafter referred to as 'the Act') and the Rules notified thereunder (as amended from time to time). The Company intends to be a significant and durable contributor to CSR initiatives by devising and implementing social improvement projects wherein it could employ technological innovation(s) in favour of disadvantaged communities, towns and villages.

We at L G Balakrishnan & Bros Limited through CSR initiatives of the company will remain committed to our duty to provide environmentally friendly products and services, and a desire to improve the lives of individuals and communities in and around its operational locations.

DEFINITIONS

The terms defined in this CSR Policy shall have the meanings specified herein and terms not defined shall have the meanings as defined in the Companies Act, 2013 and the Companies (Corporate Social Responsibility) Rules, 2014 (including any statutory amendments, modifications or enactments or re-enactments thereof for the time being in force).

- 1.1. “Act” means the Companies Act, 2013, including any statutory amendments, modifications or enactments or re-enactments thereof for the time being in force.
- 1.2. “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;

- 1.3. "Average Net Profits" means the profit as computed as per section 198 of the Companies Act, 2013.
- 1.4. "Board" means the Board of Directors of the Company.
- 1.5. "Board's Report" means the report of the Board of Directors prepared in accordance with the provisions of the Companies Act, 2013.
- 1.6. "Company" means L G Balakrishnan & Bros Limited.
- 1.7. "CSR" means Corporate Social Responsibility.
- 1.8. "CSR activities" means activities or projects or programmes as recommended by the CSR Committee and approved by the Board, undertaken by the Company from time to time in any or more of the areas falling under the Schedule VII to the Companies Act, 2013, but shall not include the following, namely:-
- (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 company 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;
- 1.9. "CSR Committee" means the Committee of the Board constituted under section 135 of the Companies Act, 2013 for the purpose of administration of CSR activities, supervising the adherence of the CSR Policy and the matters incidental thereto.
- 1.10. "CSR Policy" means the Corporate Social Responsibility Policy as set out herein and as amended or modified from time to time.

1.11. “CSR Rules” means the Companies (Corporate Social Responsibility Rules), 2014 including any statutory amendments, modifications or enactments or re-enactments thereof for the time being in force.

1.12. “Net Profit” means the net profit of the Company as per its financial statement 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 incorporated 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.

1.13. “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;

CSR PROJECTS / ACTIVITIES

The Company shall undertake the activities as recommended by the Corporate Social Responsibility Committee and approved by the Board of Directors in accordance with the provisions of Section 135 and Schedule VII of the Companies Act, 2013 read with the Companies (Social Responsibility Policy) Rules 2014 (as amended from time to time), including but not limited to the following:

- 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.
- promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- 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.
- 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.

- 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.
- 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.
- training to promote rural sports, nationally recognised sports, paralympic sports and olympic sports.
- 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.
- 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.
- 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).
- Rural development projects.
- Slum area development. 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.
- Disaster management, including relief, rehabilitation and reconstruction activities.

CSR EXPENDITURE

- The Company shall, in every financial year, spend at least two percent of the Average Net profits of the company made during the three immediately preceding financial years towards any of the CSR activities in accordance with the Policy.

- In any financial year, if the company spends an amount in excess of the requirements provided under Section 135(5) of the Act, such excess amount may be set off against the requirement to spend under Section 135(5) of the Act 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 Rule 7(2);
 - ii. the Board of the company shall pass a resolution to that effect.
- CSR expenditures will include all expenditures, direct or indirect, incurred by the Company on CSR programmes undertaken in accordance with the approved CSR Annual Action Plan. The administrative overheads shall not exceed five percent of the total CSR expenditure of the company for the relevant financial year.
- The CSR amount may be spent by a company for creation or acquisition of a capital asset, which 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; or
 - (b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
 - (c) a public authority:
- Any surplus arising out of any of the CSR projects / activities shall not form part of the business profits of the company and it shall be:
 - (a) ploughed back into the same CSR project / activity (or)
 - (b) transferred to the Unspent CSR Account and spent in pursuance of this CSR policy and annual action plan of the company (or)
 - (c) transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

SELECTION OF CSR PROJECT / ACTIVITY

- The CSR Committee of the Company shall formulate and recommend to the Board of Directors and the Board of Directors may approve, an Annual Action Plan for every financial year, effective from 1st April, 2021, in pursuance of this policy, which 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:
- While formulating the Annual Action Plan, the CSR Committee shall give preference to the local area and areas around it where it operates, for identification of CSR projects / activities and spending the amount earmarked for such projects / activities.
 - The Board may alter such plan at any time during the relevant financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.

EXECUTION AND IMPLEMENTATION

- The CSR activities may be undertaken by the company 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.
- Any CSR activities to be undertaken by the Company on or after 1st April, 2021 through any of the entity covered under clause (a) to (d) above, then such entity should have been duly registered with the Central Government by filing the prescribed Form CSR-1 with the Registrar of Companies, Ministry of Corporate Affairs.
- The company may also engage any international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per this policy as well as for its capacity building for CSR.
- The company may also collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR Committees of such respective companies are in a position to report separately on such projects or programmes in accordance with the rules.

- The Chief Financial Officer / Financial Controller of the Company shall submit a certificate to the Board of Directors that the CSR funds so disbursed have been utilised for the purposes and in the manner as approved by the Board of Directors.

MONITORING

- The CSR Committee shall be responsible to monitor the Corporate Responsibility Policy of the Company from time to time and recommend amendments or revisions whenever required in accordance with the Act;
- In case of ongoing project, the Board of Directors 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 time period as permitted under the Act and the Rules.

UNSPENT CSR AMOUNT

- Any CSR amount which remains unspent (unless the unspent amount relates to an ongoing project) pertaining to that financial year shall be transferred to any of the Fund specified in Schedule VII of the Act within a period of six months from the date of the expiry of every financial year or to such fund as may be prescribed in the Rules from time to time.
- If the unspent CSR amount relates to any ongoing project, which is being undertaken by the Company in pursuance of this policy, shall be transferred 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 by the company within a period of thirty days from the end of the financial year.
- The amount so transferred shall be spent by the company in pursuance of its 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 of the Act, within a period of thirty days from the date of completion of the third financial year.

CSR REPORTING

- In every financial year, an annual report on the CSR containing the particulars as specified in the Act and the Rules shall be included in the report of the Board of Directors submitted to the Shareholders under Section 134 of the Act.
- When the company's average CSR obligation is Rs.10 crore or more in pursuance of Section 135(5) of the Act, in the three immediately preceding financial years, the Company shall undertake impact assessment, through an independent agency, of its CSR projects/activities having outlays of Rs.1 crore or more, and which have been completed not less than one year before undertaking the impact study. The impact assessment reports shall be placed before the Board of Directors and shall be annexed to the annual report on CSR.

- When an impact assessment is undertaken, the Company may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed five percent of the total CSR expenditure for that financial year or Rs.50 lakhs, whichever is less.

GOVERNANCE

- The CSR committee will assign the task of implementation of the CSR plan within specified budgets and timeframes to such persons, entities or bodies as it may deem fit in accordance with this policy.
- The persons/entities/bodies to which the implementation is assigned will carry out such CSR programmes as determined by the CSR committee within the specified budgets and timeframes and provide feedback to the CSR committee on the progress thereon.
- The CSR committee shall review the implementation of CSR programmes and issue necessary directions from time to time to ensure orderly and efficient execution of these programmes in accordance with this policy.
- At the end of every financial year, the CSR committee will submit its report to the board.
- The CSR committee shall review this CSR Policy on a regular basis, propose suitable changes as necessary and submit for the board's approval.
- The Board of Directors shall disclose the composition of the CSR Committee, and CSR Policy and Projects, as approved by it, on the website of the Company, if any.

Disclaimer

This CSR policy contains forward-looking statements, which may be identified by their use of words like 'plans', 'anticipate', 'believe', 'estimate', 'expect', 'intend', 'will', 'projects', or other words of similar expressions as they related to the Company or its business are intended to identify such forward looking statements. All statements that address expectations or projections about the future, including, but not limited to statements about the Company's strategy for growth, development, market position, expenditures etc. are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company undertakes no obligations to publicly update or revise forward-looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements could differ materially from those expressed or implied in such statements. Therefore, as a matter of caution, undue reliance on the forward-looking statements should not be made as they speak only of their dates. The aforesaid CSR policy should be read in conjunction with the developments occurred in the Company from time to time.