

**BALKRISHNA INDUSTRIES  
LIMITED**

**CORPORATE SOCIAL  
RESPONSIBILITY POLICY**

## PREFACE:

Policy Title	Corporate Social Responsibility
Version Number	1.2
Effective Date	2 <sup>nd</sup> August, 2014
Authorised by	Board of Directors
Number of Revisions	2 (Two)
Last Revised Date	*14 <sup>th</sup> May, 2021

## 1.0 Background

- 1 Balkrishna Industries Limited ('BKT') is one of the world's leading manufacturers of "OFF-HIGHWAY tires". BKT has the widest product range with more than 2700 SKU's (Stock Keeping Units) and is "One Stop Shop" for all off-highway tyre solutions.
- 2 BKT has made its mark in the specialty segments like Agricultural, Construction, Industrial, Earthmover, Port, ATV (All-Terrain Vehicle) and Turf care applications in both cross ply & radial construction.
- 3 BKT considers their responsibility to work and contribute towards social cause. In the past, earnest efforts have been taken in this direction by the BKT group in providing school education for the under privileged and needy; and funding various hospitals for free medical services to the poor and needy.

## 2.0 Title and Applicability

- 1 BKT (hereinafter referred to as 'the Company') CSR policy has been developed in consonance with section 135 of the Companies Act, 2013 (the "Act 2013") as amended from time to time (referred to as 'the Act' in this policy) on CSR and in accordance with the CSR rules 2014 and CSR Rules 2021 (hereby referred to as the CSR Rules in this policy) amended thereof by the Ministry of Corporate Affairs dated 22<sup>nd</sup> January, 2021.
- 2 The Policy shall apply to all the CSR projects/ programmes undertaken by the Company in India as per Schedule VII of the Act as amended from time to time.
- 3 The Policy shall apply to BKT including its subsidiaries, and all their employees.

## 3.0 Definitions

1. "**Corporate Social Responsibility (CSR)**" means activities undertaken by the Company in pursuance of its statutory obligation as mentioned in Section 135 of Act, 2013 as amended from time to time with the provisions contained in CSR Rules but not include following:

- i. Activities in pursuance of the normal course of business. However, for financial years 2020-21, 2021-22 and 2022-23, for a company engaged in R&D of vaccines, drugs and medical devices, R&D related to COVID-19 and carried out in collaboration with an institute or organisation under Schedule VII of the Act would be considered as a CSR activity;
  - ii. Activities undertaken outside India except training of National or International level Indian sportspersons;
  - iii. Contribution to a political party, directly or indirectly, under Section 182 of the Act;
  - iv. Activities benefiting employees of the company as defined in Section 2 of Code of Wages, 2019;
  - v. Sponsorship activities for deriving marketing benefits for own products and services;
  - vi. Activities for the fulfillment of statutory obligations under any other law in force in India.
2. **“Administrative Overheads”** means the expenses incurred by the company for the ‘general management and administration’ of CSR functions. However, expenses that are directly attributable to the designing, implementation, monitoring and evaluation of a particular CSR project do not constitute administrative overheads.
3. **“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.

#### 4.0 CSR Vision Statement

The CSR vision of the Company is **“Promotion of Education, Health and Rural Development”**.

The Company commits itself to creating a more equitable and inclusive society by supporting processes that lead to sustainable transformation and rural development. BKT either by itself or through vibrant and innovative partnerships with the Government, NGO’s and Other Organisations, will promote quality education and healthcare for all vulnerable sections of society and also undertake rural development initiatives.

The Company further commits itself to support the Country in the areas of Food relief (eradicating hunger), Health Services and Environmental Sustainability Programme in the case of any natural disaster or calamity (*viz.* floods, earthquake etc.). BKT either by itself or through partnerships with the Government, NGO’s and Other Organisations, will extend its support in the measures for rescue, relief and rehabilitation.

#### 5.0 Validity of CSR Policy

The Board shall review the CSR policy on a regular basis and the CSR policy will be amended as and when required.

## 6.0 CSR Programme Areas & Objectives

The Company is committed to play a broader role in the communities in which it operates by way of supporting various initiatives through funding, fund raising and/or volunteering activities. The Company will focus on the areas of Education, Healthcare and Rural Development in order to fulfill its CSR objectives.

In order to achieve its goal, the Company will support the following initiatives:

- 1. Girls Education Programme:** An educated girl is more likely to earn more, raise a smaller family, have healthy children, participate in politics and send her children to school. Education is the key to empowering women and girls, which helps bring about social equality.

**Objective:**

Through its Girls Education Programme, implemented directly or through collaboration with communities and non-profit organisations, NGOs, etc., the Company intends to contribute to the education of girls across different sections of society. The objective of this programme is to improve literacy rate and enhance the confidence of girls and help them in moving a step closer to economic independence in a longer run.

The Company endeavors to make important improvements in access to and quality of education for girls, especially among poor, marginalised and vulnerable girls. Realising that there are multi-tiered bottlenecks around issues of access, availability and quality of education, the programme, in partnership with the Government of India and non-profit organisations, will address the problems on many levels, including both within the formal school system and through a number of alternative approaches to schooling.

- 2. Education Programme:** Children and youth are the future of the nation. For an emerging and developing country like India, development of underprivileged children and youth holds the key to the progress of the nation itself.

Further, Education plays an important role in development of an individual's career. It is both the means as well as the end to a better life: the means because it empowers an individual to earn his/her livelihood and the end because it increases one's awareness on a range of issues – from healthcare to appropriate social behaviour to understanding one's rights – and in the process help him/her evolve as a better citizen.

Education is the most effective tool which helps children and youth build a strong foundation; enabling them to free themselves from the vicious cycle of ignorance, poverty and disease.

**Objective:**

Through its Education Programme, implemented directly or through collaboration with communities and non-profit organisations, NGOs, etc., the Company intends to sponsor the education of the needy and underprivileged children and students by providing merit based scholarships. The Company may *inter alia* also undertake activities to improve the facilities at the schools, colleges or universities. For example, sponsoring or improving the computer lab facilities, improving the classroom facilities in schools, colleges or universities, providing support to under construction schools, colleges or universities, providing / sponsoring drinking water

facility or sanitization facilities in the schools, colleges or universities assistance in providing training programmes to the teachers, etc. The Company may also take other activities as found necessary which furthers their education agenda.

- 3. Healthcare Programme:** India has made rapid strides in the health sector since independence. However, various eye opening data from National Family Health Survey ('NFHS') clearly indicate that access to healthcare still remains a challenge.

While the health statistics of rural India continue to be poor, the health status and access to health services of urban slum dwellers on the other has also surfaced to be equally deplorable. Despite accounting for majority of the country's population, rural areas have very few government primary health care facilities.

Rural population suffer from adverse health conditions owing to mainly two reasons –first the lack of education and thus lack of awareness; and second the unwillingness to lose a day's wage in order to reach the nearest medical facility.

The neglect in even the simplest preventive medical treatment usually leads to a more serious ailment and eventually into deaths. The need of the hour is thus a two pronged approach – first to bring quality health care services to doorsteps of the needy and second to promote healthcare awareness and contemporary health care services seeking behavior among the underprivileged.

**Objective:**

Through its Healthcare Programme implemented directly or through collaboration with communities and non-profit organisations, NGOs etc., the Company intends to improve the lives of children and adults and mission to ensure health with dignity to every underprivileged children and adult.

The Company intends *inter alia* to sponsor the basic healthcare facility which may include providing free medical facilities of the needy and underprivileged population. The Company may sponsor the medical treatment of poor and needy patients by directly paying the medical and other expenses to the Hospitals or other medical institutions. The Company may *inter alia* also undertake activities to improve the facilities at the hospitals in the rural areas or the areas of operation. For example, sponsoring or improving the pathological lab facilities, improving the room facilities in the hospitals, providing / sponsoring Ambulance Facilities and/ or Blood Banks, maternity centres, eye care centres, operation theatres etc, providing / sponsoring drinking water facility or sanitization facilities in the hospitals etc.

Being homeless and daily wage earners, sometimes these underprivileged people are left out of the routine health programmes. Specialized and multi-disciplinary health camps are the only solutions for them, especially children and young mothers. The Company will work towards these areas and endeavor to organise health camps and / or blood donation camps, etc., to improve the health of the underprivileged population. The Company may also take other activities as found necessary which furthers their health related agenda.

- 4. Rural Development Programme:** The Rural India is faced with huge disparities in terms of poverty, education, inequality, unemployment, etc. Each disparity is a vicious circle in itself

leading to another disparity and ultimately resulting into economic and social backwardness. Rural Development is a key to a nation's overall development. India has a huge amount of population residing in the rural areas. Therefore, Rural Development is very essential to bring a socio-economic balance in the country.

**Objective:**

Through its Rural Development Programme implemented directly or through collaboration with communities and non-profit organisations, NGOs, etc., the Company intends to contribute to the sustainable and inclusive growth of rural India through the multi pronged strategy for eradication of poverty by increasing livelihood opportunities, providing social safety net and developing infrastructure for growth and improvement of quality of life in rural India.

The Company may *inter alia* undertake activities ranging from development of roads and other infrastructure facilities, contributing in providing water supply by building wells, bore wells, water conservation and management, utilization of non-conventional sources of energy, constructing/ sponsoring community halls etc. The Company may also undertake other activities like awareness creation and empowerment of people to preventive health care, sanitation, environmental improvement, promotion of rural technologies and other economic activities.

The Company intends to give priority to the reduction of poverty and suffering by addressing the problem of contaminated water supplies, food shortage and inadequate shelter. The Company may also take other activities as found necessary which furthers their rural development agenda.

**5. Food relief (eradicating hunger), Health Services and Environmental Sustainability Programme:**

Natural disaster or calamity such as floods, earthquake, etc., could cause mass destruction and also result in huge distress among the people affected. The people face problems of hunger, loss of residence, injuries and health problems on account of natural disaster or calamity.

**Objective:**

Through its Food Relief (eradicating hunger), Health Services and Environmental Sustainability Programme implemented directly or through collaboration with Government, communities and non-profit organisations, NGOs, etc., the Company intends to contribute to the rescue, rehabilitation and providing relief to the people affected by the natural disaster or calamity. The Company may also donate funds to Prime Minister National Relief Fund to support the national cause in rescue, relief and rehabilitation of the calamity affected population.

The Company may also *inter alia* undertake activities ranging from providing food and medical facilities to the calamity affected people, building rehabilitation camps, providing drinking water to the calamity affected people, etc.

However, in addition to aforesaid key thrust programmes / areas, the Company is committed to attend to any of activities outlined in Schedule VII as amended from time to time, which the CSR Committee and Board of Directors may consider and approve as a part of CSR Activities.

## 7.0 CSR Budget, Expenditure and Surplus

1. The Board shall endeavor that in each Financial Year the Company spends at least 2 percent of the average net profit made during the immediate three preceding financial years in accordance with Section 135 and CSR rules thereof of the Act as may be amended from time to time.
2. The Company shall deal with unutilized CSR Amount in following manner:
  - a. Transfer such unspent amount to a separate bank account to be called as 'Unspent CSR Account' within 30 days from the end of financial year in case unspent amount pertaining to On going project;
  - b. Transfer unspent amount to the Fund prescribed under Schedule VII within 6 months from the end of the financial year in case Unspent amount does not pertain to 'ongoing project' :
3. In case of any surplus arises out of the CSR activities, it cannot be treated a business profit, it should be utilized in any of the following manners within 6 months from the end of the financial year:
  - a. Ploughed back in the same project or;
  - b. Transferred to the Unspent CSR Account and utilized as per the CSR policy and annual action plan or;
  - c. Transferred to a Fund under Schedule VII of the Act.
4. In case Company spend an amount excess of CSR requirement amount, then such excess amount may be set-off against the CSR requirement amount upto immediate succeeding three Financial years subject to that the Board of Directors may pass a resolution for setting-off the excess amount spent for CSR; however, surplus arising out of CSR activities cannot be set-off.
5. The Company may spend CSR amount 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 as per CSR Amended Rules, 2021; or
  - (b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
  - (c) a public authority (as defined in clause (h) of Section 2 of Right to Information Act, 2005 (22 of 2005)).

Provided that any capital asset created by a company prior to the commencement of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, shall within a period of one hundred and eighty days from such commencement comply with the requirement of this rule, which may be extended by a further period of not more than ninety days with the approval of the Board based on reasonable justification.
6. The CSR Committee shall recommend the project-wise annual budgeted expenditure to the Board for its consideration and approval.

7. The Company may collaborate or pool resources with other Organizations or Companies to undertake the CSR activities in accordance with Section 135 and CSR rules thereof of the Act as may be amended from time to time.

## 8.0 Implementation process

1. The Company CSR programmes will be aligned with section 135 and Schedule VII of the Companies Act, 2013 and as per CSR Rules as amended from time to time.

### Execution Modality:

The mode of implementation of CSR activities will include a combination of direct or indirect implementation. The CSR activities may be undertaken by

- a. Company itself or;
- b. Through any of the following implementing agencies or:
  - i. Entity established by the company itself or along with any other company: A Company established under Section 8 of the Act, or a registered trust or a registered society, registered under Section 12A and 80G of the Income Tax Act;
  - ii. A company established under Section 8 of the Act, or a registered trust or registered established by the Central or State Government;
  - iii. Any entity established under an Act of Parliament or State Legislature;
  - iv. A company established under Section 8 of the Act, or a registered trust or a registered society, registered under Section 12A and 80G of the Income Tax Act, 1961 and having established track record in similar activities for 3 years;
- c. A Company may also Collaborate with other companies to undertake CSR activities, if the CSR committees of respective companies are in position to report separately on the CSR activities undertaken as per CSR rules.

In case implementing agencies undertaking CSR on behalf of a Company then it shall register with the Central Government by e-filing the CSR-1 form, subsequent to it, the implementing agency would be allotted a unique CSR Registration Number.

- d. A company may also engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as well as for capacity building of their own personnel for CSR. International organisation means an organisation so notified by the Central Government under Section 3 of the United Nations (Privileges and Immunities) Act, 1947 to which provisions of the Schedule to the said Act apply.
- e. The mode of implementation will also include employee volunteering. The Company's employee volunteering will involve the Company's employees in the community initiatives it undertakes and help them contribute towards the society.
- f. CSR programme will be undertaken by the Company within the defined ambit of Need Assessment carried out by the Company.
- g. The Company may use the services of government / expert agencies, consultancy firms, etc., wherever required for guidance on project design and implementation, impact

assessment surveys etc.

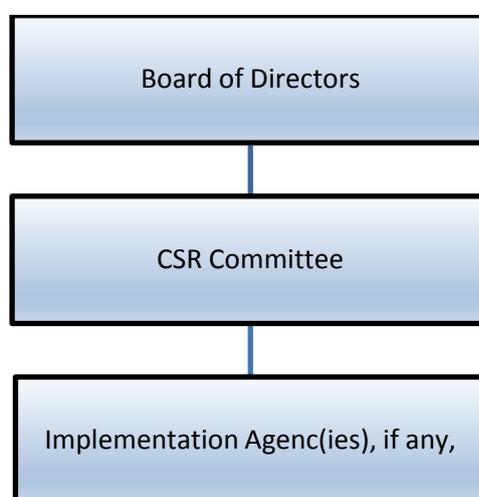
- h. The time period/duration over which a particular programme will be spread, will depend on its nature, extent of coverage and the intended impact of the program.

**2. Monitoring of Projects:** The Company will set measurable targets for its social projects wherever possible and will have a robust monitoring and evaluation mechanism for its CSR projects.

It will aim to ensure that every programme has:

- clearly defined objectives (developed out of existing societal needs determined through studies/research/ field visits by the employees of the Company etc.), targets and time lines.
- a robust progress monitoring system
- undertake impact assessments as per the evaluation plan developed by the Company.
- a reporting framework and system in aligned with the requirements of the Act.
- **Impact Assessment:** A Company with minimum ₹10 crore average CSR obligations in the three immediately preceding financial years according to Section 135(5) of the Act, have to conduct impact assessment of the CSR projects that have an outlay of ₹ 1 crore or more and which have been completed not less than 1 year before undertaking of the impact study. The impact assessment shall be conducted by an independent agency and the expense for the assessment in a financial year shall not exceed 5% of the total CSR expenditure for that financial year and ₹ 50 lakhs, whichever is less. The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.

## 9.0 CSR Governance Structure



## 10.0 Roles and responsibilities

### The Board:

The Board of Directors of the Company will be responsible for:

- constituting the CSR committee through a Board resolution with the defined composition and tenure.
- approve the CSR policy as formulated by the CSR Committee through a Board resolution.

- Implementation of CSR activities;
- Monitor the implementation of ongoing 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.
- Ensure to deal in case of any surplus arises out of the CSR activities;
- Ensure to deal in case Company spend an amount excess of CSR requirement;
- Also responsible pertaining to set-off of excess CSR amount;
- Satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by Board and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.
- Approve the Annual action plan recommend by CSR Committee. Board may alter such annual action plan at any time during the financial year, as may be recommended CSR Committee, based on the reasonable justification to that effect.
- Board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.
- Board may also extended the period pertaining to any Capital asset created by the Company based on reasonable justification;
- disclose in its Annual Report the names of the CSR Committee members, the content of the CSR policy and ensure annual reporting of its CSR activities on the Company's website and Directors' Report in such manner as prescribed under Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amended CSR Rules 2021. ('CSR Rules') as amended from time to time.
- ensuring that the projects included in the Policy are undertaken by the Company
- ensuring that the Company endeavors to spend, in every financial year, atleast 2% of the average net profits of the Company made during the three immediately preceding financial years in pursuance of the Policy or as per applicable provisions of Act as amended from time to time.
- endeavor that the Company gives preference to the local areas around its operations for spending the amount earmarked for CSR projects.
- ensuring that it specifies the reasons in its report for not spending the allocated amount in case the Company fails to spend such amount.
- ensure annual reporting of CSR policy to the Ministry of Corporate Affairs, as per the prescribed format.

**CSR Committee:**

**1. Composition of the CSR committee:** The Board of Directors of the Company shall constitute the committee to be known as the Corporate Social Responsibility Committee (“Committee”) consisting of three or more Directors, out of which at least one Director shall be an Independent Director. In case, Company not required to appoint Independent Director under Section 149 (4) of Act, in that case, Committee shall consist of two or more Directors without any Independent Director.

The Board shall have the powers to make any change(s) in the constitution of the Committee.

**2. Tenure the CSR Committee:** The tenure of the CSR Committee will be determined by the Board.

**3. Responsibility of the CSR Committee:**

- formulate and recommend the CSR Policy to the Board for approval
- identify and recommend the CSR projects to be undertaken by the Company, which are in line with the activities specified in Schedule VII and outlined herein above.
- Formulate and Recommend to the Board for their approval the Annual action plan which shall include the following, namely: (a) the list of CSR projects or programmes which are approved to be undertaken (b) the manner of execution of such projects or programmes as specified in CSR Rules as amended from time to time; (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.
- recommend the amount of expenditure to be incurred on CSR projects
- constitute a transparent monitoring mechanism for ensuring implementation of the CSR projects undertaken by the Company;
- Undertake impact assessment through an independent agency, and place such Report before the Board, and
- monitor the Policy from time to time and recommend changes to the board

**11.0 Monitoring and Reporting Framework and Website**

In compliance with the Act and to ensure funds spent on CSR programmes are creating the desired impact on the ground a comprehensive Monitoring and Reporting framework is being put in place. The monitoring and reporting mechanism is divided into three distinct areas:

- Project Monitoring
- Evaluation
- Reporting and Documentation

### Project Monitoring:

1. Project monitoring mechanism will ensure:
  - The CSR policy is implemented as per the Act and the CSR Rules as amended from to time.
  - The CSR policy is implemented ensuring that all projects/programmes as budgeted are duly carried out.
2. A separate budget will be earmarked for set up and implementation of the monitoring system. The cost incurred (will be/can be) billed to the CSR spend of the Company.
3. CSR spends will be closely monitored and funds shall be released against verified utilisations as per the approved work plans. This may include monthly field visits, comprehensive documentation, and regular interaction with the beneficiary communities.
4. The CSR progress monitoring authorities and the frequency of review is given below.

S. No.	CSR Progress Review and Monitoring Authority	Frequency of review
1	Board of Directors	Half Yearly
2	CSR Committee	Quarterly

### Evaluation

1. A robust BKT monitoring mechanism and evaluation plan will be put in place.
2. Expected outcomes, outputs and inputs will be clearly defined for each project as per stated timelines.
3. There shall be clarity about the scope of the project and the need before evaluations are undertaken.
4. Third parties may be engaged to ensure objective assessment and end line parameters.
5. Head of CSR will be authorised to decide whether it will be internal, external or third party evaluation.

### Reporting and Documentation

The Company will ensure CSR reporting annually in the format recommended in the CSR rules as part of its Annual Report.

The CSR Committee will prepare the annual CSR Report to be filed by the Company on approval of the Board. This report will ensure:

- CSR Projects and Programmes are being properly documented.
- An MIS is maintained on spending across sectors geographies and beneficiaries impacted. The MIS structure will be in alignment with the prescribed reporting format.

## CSR POLICY



- Accountability is fixed at each level of CSR process and implementation.
- A repository of case studies and good practices will be maintained.
- Display of CSR activities on its website. - The Board of Directors of the Company shall mandatorily disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on their website, if any, for public access.
- Any or all provisions of the CSR Policy would be subject to revision/amendment by the Board of Directors of the Company, in accordance with guidelines as may be issued by the Central Government from time to time.

\*CSR Policy was last amended on 17<sup>th</sup> May, 2018.

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