



KAPOOR WATCH COMPANY PRIVATE LIMITED

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

A. ABOUT KAPOOR WATCH COMPANY PRIVATE LIMITED

Kapoor Watch Company Private Limited (the **Company**) is a company incorporated under the Companies Act, 1956 (and existing under Companies Act, 2013) and is engaged in the business of trading of luxury watches, pens, belts, wallets, jewelry/other precious metal items etc.

B. BACKGROUND AND POLICY STATEMENT

The Companies Act, 2013 introduced the concept of Corporate Social Responsibility (CSR). In terms of the Section 135 of this Act, every Company, Private Limited or Public Limited, which has a net worth of INR 500 crores or a turnover of INR 1000 crores or net profit of INR 5 crores has to spend at least 2% of its average net profit for the immediately preceding three financial years on CSR activities.

The CSR activities must be with respect to any of the activities mentioned in Schedule VII of Companies Act, 2013. further the Companies (Corporate Social Responsibility Policy) Rules, 2014 place down the framework and modalities of carrying out CSR activities.

In pursuance of its vision of inculcating good corporate citizenship, the Company engages in strategic philanthropic programs to improve the quality of life of under-served, disadvantaged and marginalized. As a responsible corporate citizen, the Company believes in contributing to social and economic development.

C. DEFINITIONS

In this Policy unless the context otherwise requires:

1. **“Act”** means the Companies Act, 2013, as amended from time to time.
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 program.
3. **“Board”** means the Board of Directors of the Company.
4. **“Company”** means Kapoor Watch Company Private Limited.
5. **“Corporate Social Responsibility (CSR)”** means the activities undertaken by the Company in pursuance of its statutory obligation laid down in Section 135 of the Act and CSR Rules (as may be notified from time to time), but shall not include the

following, namely:

- i. activities undertaken in pursuance of the 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 the national level or India at the 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 Companies on a sponsorship basis for deriving marketing benefits for its products or services; and
 - vi. activities carried out for the fulfillment of any other statutory obligations under any law in force in India.
6. **“CSR Committee”** means Corporate Social Responsibility Committee of the Company constituted as per Act and CSR Rules.
 7. **“CSR Rules”** means Companies (Corporate Social Responsibility Policy) Rules, 2014 and amendments thereon.
 8. **“CSR Policy”** means this Policy.
 9. **“CSR Expenditure”** shall include all expenditures including contribution to the corpus, for projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee.
 10. **“Net profit”** shall have the meaning ascribed to it in the Act.
 11. **“Ongoing Project”** means a multi-year project undertaken by the Company in fulfillment 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.

Words and expressions used and not defined in hereunder but defined in the Act and/or rules shall have the same meanings respectively assigned to them in the Act and/or Rules.

D. OBJECTIVE AND CSR VISION

The main objective of the CSR Policy is to lay down guidelines for the company to make CSR as one of the areas which focus on making a positive contribution to society through high-impact, sustainable programs.

This Policy shall be read in line with Section 135 of the Act and the CSR Rules (including amendments therein, if any, existing and forthcoming, as the case may be) and such other rules, circulars, and notifications (collectively referred hereinafter as 'Regulations') as may be applicable and as amended from time to time and will, inter-alia, provide for the following:

- Establishing a guideline for compliance with the applicable provisions to dedicate a percentage of the Company's profits for social projects / CSR activities; and
- Ensuring the implementation of CSR initiatives in letter and spirit through appropriate procedures and reporting.

E. THRUST AREAS OF CSR

The company has adopted a structured approach to manage its CSR obligations. The company's CSR activities will be aligned to Schedule VII of the Act, with a focus on education, environment, health and sanitation, sports, art and culture, disaster relief and rural development.

- **Education:** The Company seeks to promote education and vocational training through its CSR projects. Several challenges remain in delivery of education and access to employment opportunities. In order to bring about development, enabling access to education for the underprivileged sections of the society and enhancing employability of under-served remains a prime area of the company's CSR focus.
- **Health and sanitation:** While access to healthcare and sanitation remains an important indicator of development, lack of access to proper medical facilities plagues many parts of rural and urban India. The Company seeks to promote healthcare through its CSR projects.
- **Natural Calamities and Disaster Relief:** The Company will support projects and partners to deliver essentials such as food, water, shelter, and other measures such as rebuilding communities to assist disaster relief in the case of natural calamities or disasters.
- **Environment:** The Company's ethos places special emphasis on issues of environmental conservation and consciousness. Its efforts include establishing its

ecological footprint, creating awareness and promoting ecological activities.

- **Rural Development:** Majority of India's population lives in rural areas and still remains untouched from the recent development and economic progress in India. The company aims to promote and support projects focusing on improving the lives of people in the rural areas.

F. CSR Committee and Its Responsibilities

The Board has constituted a CSR Committee as per the requirements of Act and Rules. The Committee will report to the Board of Directors of the company. The quorum of CSR Committee shall be as per Act and the Rules.

Following shall be the responsibilities of the CSR Committee:

- To formulate and recommend to the Board, a CSR Policy including amendments therein, if any, in the areas or subjects specified in Schedule VII;
- To recommend the CSR expenditure to the Board of the company, for approval;
- To formulate and recommend to the Board, an annual action plan;
- To provide strategic direction to CSR initiatives in alignment with the CSR Policy;
- To Institute a transparent monitoring mechanism for implementation of CSR projects;
- To monitor & review the CSR Policy of the company from time to time; and
- To meet at a periodicity, it deems fit to review the progress.

G. CSR Budget

The budget for CSR projects shall be recommended by the CSR Committee and approved by the Board as per the requirements laid out in the Act. The total budget proposed for the CSR projects covered under this policy shall be minimum 2% of the average net profits of the company made during the three immediately preceding financial years. the 'net profit' shall be calculated as per Act.

Furthermore, The Committee is entitled to recommend a higher amount than that specified in the Act based on financial and other considerations.

H. Financial Outlay for CSR Activities

Every year, upon the recommendation of the CSR Committee, the Board will make a budgetary allocation for CSR activities/projects for the year. The budgetary allocation will be based on the CSR obligation of the Company for that financial year arrived in the manner provided under the Act.

The Company shall strive to spend the budgeted amount allocated for CSR activities/projects

planned for each financial year, within that year. If for any reason, any of the provisioned annual budget remains unutilized, the same will not lapse and will be treated in the manner prescribed in Act and CSR Rules.

The Board may during any financial year, approve to undertake CSR expenditure beyond the CSR obligation for that particular financial year. Such excess CSR spend shall be carried forward for set off against the CSR obligation of the Company for the next three consecutive financial years in the manner decided by the Board in compliance with the provisions of the Act and the Rules.

I. CSR Projects

1. CSR Project Lifecycle

CSR projects are strategically planned and managed at the Company. Following are the different stages of the project:

i. Project identification

The projects will be prioritized and suggested based on suitable qualifiers by the CSR Committee and presented to the Board for approval. The projects must be aligned to at least one of the thrust areas as mentioned in this CSR Policy. Additionally, for those projects classified as CSR, the projects must conform to the requirements of the Section 135 of the Companies Act, 2013. The projects that are located in proximity to the areas where the company operates would be accorded preference for approval.

ii. Budget of the project

The CSR Committee is responsible for evaluating the budgetary requirements of the project, and recommend to the Board.

iii. Implementation

The CSR Committee shall formulate a plan of action for the approved projects that specify details of the project including activities to be undertaken, period of implementation, budget plan, project governance and expected results. The company may implement the CSR projects in one or more of the following modes or by way of a combination thereof:

- Directly by the company as projects.
- Through a registered trust or registered society or Company established under section 8 of the Companies Act 2013.
- Collaborate with other Companies for undertaking projects jointly.

Every year, the CSR Committee shall formulate and recommend to the Board, an annual action plan of the CSR projects to be undertaken. The annual action plan includes the following broad parameters or such other matters as may be required by the Act or Board:

- the list of CSR projects or programs that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act.
- the manner of execution of such projects or programs as specified in the CSR Rules.
- the modalities of utilization of funds and implementation schedules for the projects or programs.
- monitoring and reporting mechanisms for the projects or programs; and
- Details of need and impact assessment, if any, for the projects undertaken by the Company.

iv. Monitoring

The CSR Committee will be responsible for monitoring of the approved projects through appropriate mechanisms such as site visits, review meetings and progress reports.

The company will also consider reputation risks in selecting a partner agency.

The projects will be evaluated against the milestones defined as per the plan of action and reviewed by the Board on regular basis.

v. Reporting

The Board, based on reports presented by the CSR Committee, will annually publish report on the CSR projects as a part of the Director's report. The report will disclose information in the format as prescribed by the Section 135 of the Companies Act, 2013.

The CSR Committee shall also submit a responsibility statement to the Board that the implementation and monitoring of the CSR policy is in compliance with the approved policy of the Company.

2. Partner Qualifications

Where CSR programs are awarded to implementation agencies, the company will ensure that they are a Registered Trust, Society or a Section 8 Company and has valid registration number issued by Ministry of Corporate Affairs (MCA) for undertaking CSR activities.

The company will conduct due diligence on potential partner agencies to ensure that they have clearly explained mission and vision, do not have a conflict of interest in working with the company, have appropriate documentation such as audit reports.

3. Treatment of Surplus

Any surplus generated from CSR projects undertaken by the company will be tracked and channelized into the CSR budget. These funds will be further used in development of the CSR projects and will not be added to the normal business profits.

J. CONCLUSION

The Board of Directors on the recommendation of CSR Committee can amend its policy as and when required deemed fit. Any or all provisions of CSR Policy would be subjected to revision/amendment in accordance with the regulations on the subject as may be issued from relevant statutory authorities, from time to time.

In case of any doubt with regard to any provision of the policy and also in respect of matters not covered herein, a reference to be made to CSR Committee. In all such matters, the interpretation & decision of the Committee shall be final.