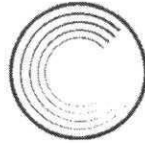




COOL CAPS
INDUSTRIES

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Corporate Social Responsibility (CSR) Policy



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TABLE OF CONTENTS		
SR. NO.	SECTION	PAGE NO.
1.	Introduction	2
2.	Definitions	2
3.	Vision Statement and Objective	2
4.	CSR Governance Structure	2
5.	CSR Activities to be undertaken	4
6.	Exclusions from the CSR Activities	5
7.	Project Selection and Implementation	5
8.	Budget for CSR Activities & CSR Expenditure	6
9.	Computation of Net Profit	7
10.	Annual Action Plan	7
11.	Reporting, Monitoring and Impact Assessment	8
12.	Information Dissemination	8
13.	Amendment	9



1. INTRODUCTION

Cool Caps Industries Limited ("the Company") firmly believes that to succeed, an organization must maintain the highest standards of corporate behaviour towards its investors, stakeholders, employees, and societies in which it operates. Through its CSR activities, the Company intends to operate and grow its business in a socially responsible way with a vision to be an environmentally and people friendly corporate citizen.

This Corporate Social Responsibility Policy ("the CSR Policy") has been framed and adopted by the Company in accordance with the provisions of Section 135, Schedule VII of the Companies Act, 2013 ("the Act") and the Companies (Corporate Social Responsibility Policy) Rules, 2014 (the "CSR Rules") and the relevant amendments / notifications / circulars issued by the Ministry of Corporate Affairs.

2. DEFINITIONS

Unless the context otherwise requires, the definitions mentioned in the Companies Act, 2013 and the rules made thereunder shall apply to this CSR Policy.

3. VISION STATEMENT AND OBJECTIVE

- 3.1. This CSR Policy sets out the Company's commitment towards ensuring that its corporate activities extend beyond business and include initiatives and endeavours for the benefit and development of individuals, society & environment.
- 3.2. In alignment with the above vision the Company, through the CSR Activities, will endeavour to enhance value creation through its services, conduct and initiatives, so as to create a sustainable future for the society and the environment.
- 3.3. This CSR Policy encompasses the philosophy of the Company on corporate social responsibility and lays down the guidelines and mechanism for undertaking programs for the welfare and sustainable development of the community at large.
- 3.4. The Objectives of the CSR Policy are to:
 - 3.4.1. Provide approach & direction including guiding principle for selection, implementation & monitoring of CSR activities;
 - 3.4.2. Formulation of Annual Action plan;
 - 3.4.3. Outline projects, programs and activities to be undertaken by the Company;
 - 3.4.4. Specify the modalities of execution of such projects, programs and activities;
 - 3.4.5. Monitor the process to be followed for such projects, programs and activities;

4. CSR GOVERNANCE STRUCTURE

4.1. Board of Directors ("the Board")

- 4.1.1. The functions relating to CSR shall be discharged by the Board of Directors of the Company because as per Section 135 (9) of the Act, if the amount to be spent by the Company on CSR activities in any financial year does not exceed Rs. 50,00,000 (Rupees Fifty Lakhs), the requirement for the constitution of the Corporate Social Responsibility Committee ("CSR Committee") shall not be applicable to the Company and the functions of the Committee shall be discharged by the Board of Directors of the Company.

During the financial year 2023-24, the amount to be spent by the Company on CSR activities is Rs. 11,18,037/-, which is less than Rs. 50,00,000 (Rupees Fifty Lakhs), the threshold limit specified in Section 135(9) of the Act and hence the Company is not required to constitute a CSR Committee. All functions relating to CSR shall be discharged by the Board of Directors of the Company.

4.1.2. However, if the Company transfers any amount to Unspent Corporate Social Responsibility Account in any financial year as per sub-section (6) of Section 135, then as specified in rule 3 of the CSR Rules, the Company shall be mandated to constitute a CSR Committee in accordance with the provisions of the Act.

4.1.3. **Responsibilities of the Board:**

- a. Formulating the CSR Policy and making any subsequent changes/ modifications thereto, indicating the activities to be undertaken by the Company in areas or subjects, specified in Schedule VII to the Act.
- b. Finalising the amount of expenditure to be incurred on the CSR activities and their budgets and monitoring any subsequent change/ modification thereto.
- c. Monitoring the CSR Policy of the Company from time to time.
- d. Formulating and finalising the Annual Action plan in pursuance of its CSR policy and making any subsequent changes/ modifications thereto, based on the reasonable justification to that effect.
- e. Instituting an implementation and monitoring mechanism for CSR Activities.
- f. Reviewing the progress being made in the planned CSR Activities.
- g. Ensuring that the activities included in the CSR policy are undertaken by the company.
- h. Disclosing contents of CSR policy in its report and placing it on the Company's website.
- i. Ensuring that the Company spends, in every financial year, at least two per cent of the average Net Profits of the Company made during the 3 (three) immediately preceding financial years.
- j. Ensuring that the administrative overheads do not exceed 5% of total CSR expenditure of the Company for the financial year.
- k. Satisfying itself that the CSR funds disbursed have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.
- l. If the company fails to spend at least two per cent of the average Net Profits of the Company, the Board shall, in its Board report, specify the reasons for not spending the amount and transfer the unspent CSR amount as per provisions of Sections 135(5) and 135(6) of the Act.
- m. In case of ongoing project, monitoring the implementation of the project with reference to the approved timelines and year-wise allocation and make modifications, if any, for smooth implementation of the project within the overall permissible time period;
- n. Making disclosures in the Board's Report as required under Rule 8 of the CSR Rules.
- o. Mandatorily disclosing the composition of the CSR Committee, if any, and CSR Policy and Projects approved by the Board on website of the Company.
- p. Carrying out such other functions as may be required relating to the CSR activities of the Company.

4.1.4. "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.



4.2. CSR Team (the "Team")

- 4.2.1. A CSR Team shall be constituted to assist the Board of Directors with the implementation and impact assessment of the CSR initiatives. The members of the CSR Team be nominated by the Board of Directors from time to time.
- 4.2.2. The CSR Team shall be responsible for:
- Identifying CSR Activities at the directions of the Board;
 - Undertaking sufficient due diligence of each of the CSR Activity before it is implemented.
 - Determining the modalities of execution including targets and timelines in consultation with the Board;
 - Timely implementation of the CSR Activities approved by the Board in compliance with the applicable provisions of the Act and CSR Rules;
 - Providing periodic reports to the Board on implementation as well as assessment carried out through field visits and feedback sessions; and
 - Any other assistance as may be required by the Board in relation to implementation of the CSR Activities.

5. CSR ACTIVITIES TO BE UNDERTAKEN

- 5.1. The Company may undertake / fund projects, programs or activities of the following nature and also undertake such other activities as may be approved by the Board of Directors of the Company as per Schedule VII of the Companies Act, 2013:
- 5.1.1. 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.
- 5.1.2. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- 5.1.3. 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.
- 5.1.4. 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.
- 5.1.5. 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.
- 5.1.6. 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.
- 5.1.7. Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports.
- 5.1.8. Contribution to the prime minister's national relief fund 8[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.

- 5.1.9. 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.
 - 5.1.10. 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 Defence 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).
 - 5.1.11. rural development projects
 - 5.1.12. slum area development
 - 5.1.13. disaster management, including relief, rehabilitation and reconstruction activities.
- 5.2. The Above list is illustrative not exhaustive. All activities under the CSR activities should be environment friendly and socially acceptable to the environment, people and Society.

6. EXCLUSIONS FROM THE CSR ACTIVITIES

- 6.1. In terms of the Act, the following activities/contributions shall not form part of the CSR activities of the Company:
 - 6.1.1. activities undertaken in pursuance of normal course of business of the Company;
 - 6.1.2. activities benefitting employees of the Company as defined in clause (k) of Section 2 of the Code on Wages, 2019 (29 of 2019);
 - 6.1.3. contribution of any amount directly or indirectly to any political party under section 182 of the Act;
 - 6.1.4. activities supported by the Company on sponsorship basis for deriving marketing benefits for its products or services;
 - 6.1.5. 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;
 - 6.1.6. activities carried out for fulfilment of any other statutory obligations under any law in force in India.

7. PROJECT SELECTION AND IMPLEMENTATION

7.1. Project Selection:

Projects shall be selected on the basis of need identification studies, internal need assessment or receipt of proposals. While selecting the projects, preference shall be given to CSR activities in the local area and areas around the Company where it operates.

7.2. Project Implementation:

- 7.2.1. The Board shall ensure that the CSR Activities are undertaken by the Company itself or through

- (i) a company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or 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
- (ii) 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
- (iii) any entity established under an Act of Parliament or a State legislature; or
- (iv) 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.

Provided that such implementing agencies shall be covered by Rule 4 (1) of the CSR Rules and registered with Central Government and shall be in possession of unique CSR Registration Number pursuant to sub-rule (2) of rule 4.

- 7.2.2. The Company may also engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per this CSR policy as well as for capacity building of its own personnel for CSR.
- 7.2.3. 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 respective companies (wherever Committees are been constituted as per the provisions of the Act read with CSR Rules) are in a position to report separately on such projects or programmes in accordance with the CSR Rules.
- 7.2.4. However, the CSR Committee shall ensure the credibility of implementing agency and its ability to execute the project or programme effectively. The disbursement by the Company to the implementing agency should be preferably made upon receipt of proposal along with budget and implementation schedule, and in tranches in order to ensure that the amount does not lie unspent with the implementing agency.

8. BUDGET FOR CSR ACTIVITIES & CSR EXPENDITURE

- 8.1. The Company shall allocate budget for the CSR activities. The minimum CSR spend by the Company shall be as per the requirements of the Companies Act 2013 and the CSR Rules i.e., at least 2% of the average net profit of the three (3) immediately preceding financial years on applicability of CSR.
- 8.2. The CSR Team shall present to the Board Annual Plan of activities along with budgets at the beginning of every financial year and the Board shall evaluate and approve the same.
- 8.3. The CSR Team shall also submit a half yearly progress and status report on the activities and budgets utilized in line with the CSR requirements under the Companies Act to the Board.
- 8.4. The Administrative overhead incurred shall not exceed five percent of the total CSR contribution made by the Company in the respective financial year or such other percentage as may be prescribed from time to time.
- 8.5. Administrative overheads shall be 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

- 8.6. Any surplus arising out of the CSR Projects or programs or activities shall not form part of the business profit of the Company and shall be:
- i) ploughed back into the same project/program; or
 - ii) transferred to the Unspent CSR Account to be spent pursuant to the CSR Policy and annual action plan; or
 - iii) transferred to a Fund specified in Schedule VII of the Act;
- within six months from the end of the financial year to which such surplus relates.
- 8.7. The Company may spend an amount above the aforementioned limit on CSR activities, specified in Clause 8.1., as it may deem fit. In such cases, the excess amount spent during the financial year may be set off against the requirement to spend up to immediately succeeding three financial years, subject to the approval of the Board of Directors, provided that such excess amount spent does not include the surplus arising out of CSR activities.
- 8.8. The CSR amount may be spent by the Company on the creation or acquisition of a capital asset, which may be held by:
- i) a Company registered under Section 8 of the Companies Act, 2013 or a registered trust or a registered society having charitable objects and CSR Registration Number under sub-rule (2) of rule 4 of CSR Rules.
 - ii) beneficiaries of the said CSR Project, in the form of self-help groups, collectives, entities, etc., or
 - iii) a public authority
- 8.9. The Company shall endeavour to spend the entire amount earmarked for CSR activities every year. If the Company fails to spend the entire amount any year, the reasons for not spending shall be mentioned in the Board's Report relating to such year.

The Unspent amount shall be treated in the following manner:

- i) Unspent amount pursuant to any Ongoing Project shall be transferred to an "Unspent Corporate Social Responsibility Account" ("the account") opened specifically for the purpose with a Scheduled Bank, within 30 days from the end of the financial year to which unspent amount relates to. The amount in the account shall be spent by the Company on such ongoing project(s) within three financial years, failing which, the unspent amount shall be transferred to a fund specified in Schedule VII of the Act, within thirty days from the end of the third financial year.
- ii) Unspent amount other than earmarked for the Ongoing Project as aforesaid shall be transferred to a fund specified in Schedule VII of the Act within six months from the end of the financial year to which the unspent amount relates.

9. COMPUTATION OF NET PROFIT

The Net profit as referred to in this Policy shall be calculated in accordance with the provisions of Section 198 of the Companies Act, 2013 shall not include such sums as prescribed in the CSR Rules.

10. ANNUAL ACTION PLAN

The Board of the Company shall formulate an Annual Action Plan in pursuance of this CSR policy, which shall include the following, namely:

- (i) the list of approved CSR projects/programmes to be undertaken in areas or subjects specified in Schedule VII of the Act
- (ii) the manner of execution of the projects/programmes
- (iii) the modalities of utilisation of funds
- (iv) implementation schedules



- (vi) details of need and impact assessment, if any, for the projects undertaken by the Company

The CSR Team shall present to the Board the Annual Actual Plan at the beginning of every financial year and the Board shall evaluate and approve the same.

11. REPORTING, MONITORING AND IMPACT ASSESSMENT

- 11.1. To ensure effective implementation of the CSR projects, programmes and activities undertaken in terms of this CSR Policy, the CSR Team shall coordinate the implementation of CSR activities in various areas. It shall submit a half yearly progress and status report on the activities and budgets utilized to the Board., with all the requisite documentation.
- 11.2. The Board shall monitor the implementation of the CSR projects as required under the Companies Act 2013 and examine the half yearly progress and status report submitted to it by the CSR Team.
- 11.3. The Board shall also review the progress reports, if any, received from implementing agencies.
- 11.4. The Board shall examine and ensure that the funds provided by the Company for CSR activities are utilized for the purposes and in the manner as approved by it.
The Chief Financial Officer or the person responsible for financial management shall certify to that effect.
- 11.5. In case of ongoing project, the Board 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 permissible period.
- 11.6. The outcome of impact assessment, if any conducted, and progress reports submitted will be taken into consideration while engaging the implementation agencies for subsequent CSR projects and programmes and while finalizing the annual action plan for the subsequent year.
- 11.7. The Company shall ensure that the implementing agencies keep the Company informed about any information or circumstances that will affect the ability of the agency to carry out the CSR project or programme. Where the CSR amount spent results in creation or acquisition of capital asset, details with respect to the entity holding such capital asset shall be duly informed to the Board in accordance with the CSR Rules.
- 11.8. Apart from receiving utilisation certificates / progress reports, the representatives of the Company shall carry out site visits / field visits on periodic basis. Further, the Company may engage a third party for monitoring the same and may carry out impact assessment, if required, either directly or by engaging independent agency, in accordance with the Act and the CSR Rules.
- 11.9. The Board's report shall include an annual report on CSR containing such details as may be prescribed from time to time under the Act and the CSR Rules.
- 11.10. The Board shall be responsible to ensure that the statutory requirements as may be prescribed from time to time under the Act and the CSR Rules are complied with.

12. INFORMATION DISSEMINATION

The CSR Policy and the details of the Projects, as approved by the Board shall be uploaded on the website of the Company. The Company's engagement in CSR Activities may also be disseminated through the media. An Annual CSR Report will be included in the Board's Report forming part of the Annual Report.



13. AMENDMENTS

The Board of Directors may amend this policy as and when required. 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.

For COOL CAPS INDUSTRIES LTD.

Rajeev Coenka
Chairman-Cum-Managing Director
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