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K R PULP AND PAPERS LIMITED (KRPL)

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

Effective Date: 13TH October, 2015

Approved by: Board of Directors

1. PREAMBLE

Corporate Social Responsibility ("CSR") represents the commitment of K R Pulp and Papers Limited ("Company" or "KRPL") towards contributing to sustainable social, environmental and economic development.

The Company believes that responsible corporate citizenship requires the integration of social and environmental considerations into its business operations and stakeholder relationships. The Company shall endeavour to undertake CSR initiatives that create measurable and sustainable benefits for communities, particularly in and around the areas where the Company operates.

The Company has historically participated in charitable, social, community development and environmental initiatives. This Policy provides a structured framework for identifying, approving, implementing, monitoring and reporting CSR activities of the Company.

This Policy shall be implemented in accordance with Section 135 of the Companies Act, 2013 ("Act"), Schedule VII to the Act, the Companies (Corporate Social Responsibility Policy) Rules, 2014 ("CSR Rules"), and amendments thereto from time to time.

2. SHORT TITLE AND APPLICABILITY

This Policy shall be called the "**K R Pulp and Papers Limited Corporate Social Responsibility Policy**".

The Policy shall apply to all CSR activities undertaken by the Company pursuant to Section 135 of the Act.

The applicability of CSR provisions shall be determined annually based on the criteria prescribed under Section 135 of the Act and the applicable CSR Rules. The Company shall undertake CSR activities only in accordance with the provisions of the Act, Schedule VII and the CSR Rules.

In case of any amendment to the applicable law, the amended statutory provisions shall prevail over any inconsistent provision contained in this Policy.

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K R PULP & PAPERS LIMITED
Regd. Off. : 304, Roots Tower, District Centre, Laxmi Nagar, Delhi-110092 (India) Ph. : + 91 - 11 - 22468723, 46052333, Fax : +91 - 11 - 42448977
e-mail: kr@krpapers.com - Website : www.krpapers.com - (CIN :- U74899DL1995PLC144059)

3. CSR VISION

The Company's CSR vision is:

"To contribute meaningfully to inclusive, sustainable and responsible development by undertaking focused CSR initiatives that improve the quality of life of communities, protect the environment, enhance the quality of poor and needy people and create long-term social value."

KRPL shall endeavour to ensure that its CSR activities are:

- Need-based;
- Community-oriented;
- Sustainable;
- Transparent;
- Measurable;
- Properly documented;
- Compliant with applicable law; and
- Capable of creating a demonstrable social or environmental impact.

4. CSR OBJECTIVES

The principal objectives of the Company's CSR programme shall include:

1. Supporting education and development of underprivileged children.
2. Promoting healthcare, sanitation and nutrition.
3. Supporting women empowerment and livelihood opportunities.
4. Promoting rural development.
5. Supporting skill development and vocational training.
6. Contributing towards environmental sustainability and conservation of natural resources.
7. Promoting water conservation and rainwater harvesting.
8. Supporting initiatives relating to hunger, poverty and malnutrition.
9. Supporting community infrastructure and public welfare.
10. Supporting persons with disabilities, elderly persons and vulnerable communities.
11. Responding to natural calamities and emergencies, wherever permissible under Schedule VII.
12. Encouraging employee participation and volunteering in CSR initiatives.
13. Supporting projects that create sustainable and measurable community benefits.

5. GUIDING PRINCIPLES

The Company's CSR activities shall be guided by the following principles:

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5.1 Sustainability

CSR projects should, wherever practicable, generate sustainable benefits rather than merely providing one-time assistance.

5.2 Community Need

Projects shall preferably be selected after assessing the actual requirements of the intended beneficiaries.

5.3 Inclusiveness

CSR initiatives should seek to benefit economically and socially disadvantaged sections of society.

5.4 Transparency

All CSR expenditure shall be properly authorised, accounted for and supported by appropriate documentation.

5.5 Measurability

Projects should have identifiable objectives, beneficiaries, milestones and measurable outcomes wherever reasonably practicable.

5.6 Legal Compliance

No expenditure shall be treated as CSR expenditure unless it qualifies under the applicable provisions of the Act, Schedule VII and CSR Rules.

6. CSR COMMITTEE

The Company shall constitute the CSR Committee in accordance with Section 135 of the Act and applicable rules.

As presently constituted, the CSR Committee comprises:

Sl. No.	Name of the Members	Category	Designation
1.	Mr. Madho Gopal Agarwal	Managing Director	Chairman
2.	Mr. Shri Gopal Agarwal	Whole-time Director	Member
3.	Mr. Shyam Sunder Agarwal	Independent Director	Member

The composition of the Committee shall be reviewed from time to time to ensure compliance with applicable law.

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7. RESPONSIBILITIES OF THE CSR COMMITTEE

The CSR Committee shall, inter alia:

7.1 Policy

- Formulate and recommend the CSR Policy to the Board.
- Review the CSR Policy periodically.
- Recommend amendments to the Policy whenever required.

7.2 CSR Projects

- Identify and recommend CSR projects.
- Evaluate proposed projects against Schedule VII.
- Prioritise projects based on community needs and available CSR resources.
- Recommend continuation, modification or closure of ongoing projects.

7.3 Budget

- Recommend the annual CSR expenditure to the Board.
- Monitor utilisation of the approved CSR budget.
- Review significant deviations from the approved budget.

7.4 Monitoring

- Monitor implementation and progress of CSR projects.
- Review periodic reports received from project implementation teams/implementing agencies.
- Ensure appropriate utilisation certificates, invoices, reports and other supporting documents are maintained.

7.5 Reporting

- Review the annual CSR report.
- Ensure that required CSR disclosures are incorporated in the Board's Report and Company's website, wherever applicable.

8. ROLE OF THE BOARD OF DIRECTORS

The Board shall:

1. Approve the CSR Policy.
2. Approve the CSR Annual Action Plan.
3. Approve CSR projects and expenditure as recommended by the CSR Committee.
4. Ensure that the Company spends the prescribed CSR amount in accordance with Section 135.

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5. Satisfy itself regarding utilisation of CSR funds for the approved purposes.
6. Consider reports submitted by the CSR Committee.
7. Ensure statutory disclosures relating to CSR are made as required.
8. Take appropriate action in relation to unspent CSR amounts in accordance with applicable law.

9. CSR ANNUAL ACTION PLAN

For every financial year in which CSR provisions are applicable, the Company shall prepare an **Annual Action Plan** for CSR activities.

The Annual Action Plan may include:

- List of proposed CSR projects;
- CSR activities falling under Schedule VII;
- Location of projects;
- Target beneficiaries;
- Estimated expenditure;
- Project duration;
- Implementation methodology;
- Implementation agency, where applicable;
- Expected outcomes;
- Monitoring mechanism;
- Milestones and timelines;
- Need and impact assessment, where applicable; and
- Any other matter required under applicable law.

The Annual Action Plan may be modified during the financial year with the approval of the Board based on the recommendation of the CSR Committee, subject to applicable law.

10. AREAS OF CSR ACTIVITIES

Subject to Schedule VII and applicable law, the Company may undertake projects in the following areas:

A. Education

- Education of economically disadvantaged children;
- Scholarships;
- School infrastructure;
- Digital education;
- Educational materials;
- Libraries and learning facilities;
- Support for vocational and technical education.

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B. Healthcare and Nutrition

- Medical camps;
- Preventive healthcare;
- Maternal and child healthcare;
- Nutrition programmes;
- Sanitation initiatives;
- Meditation;
- Healthcare infrastructure;
- Support for vulnerable and elderly persons.

C. Rural Development

- Rural infrastructure;
- Community development;
- Sanitation;
- Livelihood support;
- Skill development;
- Village development programmes.

D. Women Empowerment

- Skill development;
- Vocational training;
- Livelihood opportunities;
- Self-help groups;
- Entrepreneurship support;
- Awareness and capacity-building programmes.

E. Environmental Sustainability

- Tree plantation;
- Biodiversity conservation;
- Water conservation;
- Rainwater harvesting;
- Waste management;
- Restoration and conservation of natural resources;
- Renewable energy-related community initiatives;
- Measures contributing to reduction of environmental impact.

F. Skill Development

The Company may support skill development and vocational training programmes for youth, women and economically weaker sections.

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G. Community Infrastructure

The Company may support eligible community infrastructure projects such as:

- Community facilities;
- Educational infrastructure;
- Healthcare infrastructure;
- Public utility facilities;
- Barrier-free infrastructure for elderly and disabled persons;

Provided such projects qualify as CSR activities under applicable law.

H. Disaster Relief

The Company may contribute towards eligible disaster management, relief, rehabilitation and reconstruction activities falling within Schedule VII.

I. Other Schedule VII Activities

The Company may undertake any other activity specifically covered under Schedule VII, as amended from time to time.

11. GEOGRAPHICAL FOCUS

The Company shall, wherever appropriate, give preference to CSR projects in and around the areas where its operations, manufacturing facilities or other establishments are located.

However, the Company may undertake CSR activities at other locations if considered appropriate by the CSR Committee and Board, subject to applicable law.

The existing policy also emphasises socio-economic development of communities in the Company's operating periphery.

12. PROJECT IDENTIFICATION AND SELECTION PROCESS

CSR projects may be identified through:

1. Community needs assessment;
2. Recommendations from local administration;
3. Recommendations from credible NGOs/implementing agencies;
4. Employee/community suggestions;
5. Field visits;
6. Requests from educational/healthcare/community institutions;
7. Internal assessment by the Company; or
8. Any other appropriate source.

Before approval, the Company may assess:

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- Eligibility of the proposed activity;
- Beneficiaries;
- Estimated cost;
- Project duration;
- Implementing agency;
- Expected social impact;
- Risks;
- Monitoring requirements; and
- Legal compliance.

13. IMPLEMENTATION OF CSR PROJECTS

CSR activities may be implemented:

13.1 Directly by the Company

The Company may undertake eligible CSR activities directly through its own personnel, facilities and resources, subject to applicable law.

13.2 Through Implementing Agencies

The Company may implement CSR projects through eligible implementing agencies registered with the Ministry of Corporate Affairs and having the requisite CSR Registration Number, wherever such registration is required.

The Company shall conduct appropriate due diligence before appointing an implementing agency.

Such due diligence may include verification of:

- Legal status;
- Registration documents;
- CSR Registration Number;
- PAN and other statutory details;
- Track record;
- Financial statements;
- Past CSR/project experience;
- Governance structure;
- Bank details;
- Tax registrations, wherever relevant;
- Litigation/compliance status; and
- Any other information considered necessary.

14. CSR AGREEMENTS WITH IMPLEMENTING AGENCIES

Where considered appropriate, the Company shall enter into a written agreement/MOU with the implementing agency.

The agreement may specify:

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- Project scope;
- Approved budget;
- Project milestones;
- Payment schedule;
- Beneficiary details;
- Reporting requirements;
- Documentation requirements;
- Utilisation certificate requirements;
- Monitoring rights of the Company;
- Audit rights;
- Termination provisions;
- Refund/recovery of unutilised funds;
- Restrictions on use of funds; and
- Other applicable compliance requirements.

15. CSR BUDGET AND EXPENDITURE CONTROL

The CSR budget shall be determined in accordance with Section 135 of the Act.

All CSR expenditure shall be:

- Within the approved CSR budget;
- For an approved CSR activity;
- Properly authorised;
- Supported by appropriate documentation; and
- Properly recorded in the Company's books of account.

The Company shall maintain separate internal records for CSR expenditure to facilitate monitoring and statutory reporting.

Administrative overheads shall be controlled within the limits prescribed under applicable CSR Rules. The MCA framework presently provides for a ceiling of 5% of total CSR expenditure for administrative overheads.

16. PAYMENT AND UTILISATION CONTROLS

CSR funds shall preferably be released against approved milestones.

Depending upon the nature of the project, the Company may require:

- Work completion reports;
- Bills/invoices;
- Photographs;
- Beneficiary records;
- Utilisation certificates;
- Progress reports;
- Independent verification;
- Bank statements or other supporting documents.

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The CSR Committee may recommend withholding further releases where:

- Funds are not being utilised for the approved purpose;
- Project progress is unsatisfactory;
- Required documentation is not submitted;
- Material deviations have occurred; or
- There is a reasonable concern regarding misuse of CSR funds.

17. MONITORING MECHANISM

A structured monitoring mechanism shall be adopted for each significant CSR project.

Project-level monitoring

The project implementation team/implementing agency shall periodically report:

- Amount received;
- Amount utilised;
- Activities completed;
- Beneficiaries covered;
- Progress against milestones;
- Photographic/documentary evidence;
- Challenges faced; and
- Expected next steps.

Monthly/Periodic Review

The Company may obtain monthly or quarterly progress reports depending upon the size and nature of the project.

The existing KRPL policy already provides for monthly reporting from work centres to the Corporate Office and periodic submission of project details, costs and results to the CSR Committee.

CSR Committee Review

The CSR Committee shall periodically review:

- Financial progress;
- Physical progress;
- Beneficiary coverage;
- Project outcomes;
- Variances;
- Delays;
- Risks; and
- Corrective actions.

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18. DOCUMENTATION

For every CSR project, the Company shall maintain appropriate records, which may include:

1. CSR Committee recommendation;
2. Board approval;
3. Annual Action Plan;
4. Project proposal;
5. Budget;
6. Implementing agency due diligence documents;
7. Agreement/MOU;
8. Purchase orders/work orders, where applicable;
9. Invoices;
10. Payment records;
11. Utilisation certificates;
12. Progress reports;
13. Photographs/videos;
14. Beneficiary information;
15. Completion certificate;
16. Impact/outcome assessment, wherever applicable;
17. Correspondence with implementing agencies; and
18. Any other statutory or internal document.

19. OUTCOME AND IMPACT MEASUREMENT

For material CSR projects, the Company shall endeavour to identify measurable outcomes.

Depending on the nature of the project, indicators may include:

- Number of beneficiaries;
- Number of students supported;
- Number of persons trained;
- Number of medical beneficiaries;
- Quantity of water conserved;
- Number of trees planted/surviving;
- Number of women trained;
- Number of livelihood opportunities created;
- Infrastructure created; and
- Other project-specific indicators.

The purpose shall be to assess not merely the amount spent but also the actual benefit delivered.

Where impact assessment is mandatorily applicable under the CSR Rules, the Company shall undertake such assessment through an eligible independent agency in accordance with applicable law.

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20. SURPLUS ARISING FROM CSR ACTIVITIES

Any surplus arising out of CSR activities shall not form part of the normal business profits of the Company.

Such surplus shall be dealt with strictly in accordance with applicable provisions of the Act and CSR Rules, including being ploughed back into the same project or dealt with in such other manner as may be prescribed.

The MCA CSR Rules specifically regulate the treatment of surplus arising from CSR activities.

21. EXCESS CSR SPENDING

Where the Company spends an amount in excess of its prescribed CSR obligation, such excess amount may be dealt with/set off against subsequent CSR obligations only to the extent and subject to the conditions permitted under applicable law and after obtaining the necessary Board approval.

22. UNSPENT CSR AMOUNT

The Company shall ensure that any unspent CSR amount is dealt with strictly in accordance with Section 135 of the Act and applicable CSR Rules.

The treatment of unspent amounts shall depend upon whether the amount relates to an ongoing project or otherwise and shall include the applicable transfer, timelines, account and utilisation requirements prescribed under law.

The Company Secretary/CFO/authorised officer shall maintain a compliance calendar to ensure that all statutory timelines relating to unspent CSR amounts are complied with.

23. CREATION OR ACQUISITION OF CAPITAL ASSETS

Where CSR funds are used for creation or acquisition of a capital asset, the ownership and treatment of such asset shall comply with the requirements prescribed under the CSR Rules.

Before approving such a project, the Company shall specifically examine:

- Nature of asset;
- Purpose;
- Beneficiaries;
- Ownership;
- Maintenance responsibility; and
- Compliance with applicable CSR provisions.

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The CSR Rules prescribe specific categories of entities/beneficiaries/public authorities with whom such capital assets may be held.

24. EMPLOYEE PARTICIPATION AND VOLUNTEERING

The Company may encourage employees to participate voluntarily in CSR initiatives.

Employee participation may include:

- Teaching/mentoring;
- Awareness programmes;
- Tree plantation;
- Community service;
- Skill development sessions;
- Health and sanitation awareness; and
- Other eligible community activities.

Employee volunteering shall not automatically be treated as CSR expenditure merely because employees participate in the activity. Any expenditure claimed as CSR shall comply with applicable law.

25. EXCLUSIONS FROM CSR

The Company shall not treat the following as CSR expenditure except to the extent specifically permitted under applicable law:

1. Activities undertaken in the normal course of business;
2. Activities benefiting exclusively the employees of the Company;
3. Political contributions;
4. Activities undertaken solely for marketing/business promotion;
5. Activities undertaken to fulfil statutory obligations other than CSR obligations;
6. Activities outside the scope of Schedule VII;
7. Any other activity specifically excluded under the CSR Rules.

All proposed activities shall therefore be screened before being included in CSR expenditure.

26. RELATED PARTY AND CONFLICT-OF-INTEREST CONTROLS

Where an implementing agency, vendor, consultant or other party connected with a CSR project has any relationship with the Company, its directors or senior management, such relationship shall be disclosed and dealt with in accordance with applicable law and the Company's internal policies. No CSR project shall be approved merely to provide an indirect benefit to a related party.

27. FINANCIAL AND STATUTORY CONTROLS

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CSR expenditure shall be subject to the Company's normal financial control procedures.

The Finance Department shall maintain appropriate records of:

- Approved CSR budget;
- Project-wise expenditure;
- Payments;
- Unspent amounts;
- Transfers, where applicable;
- Surplus, where applicable; and
- Other CSR-related financial information.

The Chairman/Company Secretary shall coordinate statutory CSR compliance, including Board/Committee documentation and applicable disclosures.

28. WEBSITE DISCLOSURE

The Company shall make the disclosures relating to CSR under applicable law on its website, if any.

The website shall, where applicable, contain:

1. CSR Policy;
2. Composition of CSR Committee; and
3. Such other information as may be prescribed.

29. BOARD'S REPORT AND ANNUAL CSR REPORTING

The Company shall include the prescribed CSR disclosures in its Board's Report/Annual Report in the format and manner required under applicable law.

The CSR Committee and management shall provide all necessary information to the Company Secretary/finance team for timely preparation of the statutory CSR disclosures.

30. INTERNAL REVIEW AND AUDIT

The Company may periodically review CSR projects and expenditure through internal review mechanisms.

Where considered necessary, the Company may appoint an independent professional, auditor, consultant or agency to verify:

- Project implementation;

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- Expenditure;
- Utilisation of funds;
- Beneficiary data;
- Outcomes; or
- Compliance with approved project terms.

Any such review shall be in addition to, and not in substitution of, statutory requirements.

31. GRIEVANCE AND FEEDBACK MECHANISM

The Company may establish an appropriate mechanism for receiving feedback from:

- Beneficiaries;
- Community representatives;
- Implementing agencies;
- Employees; and
- Other relevant stakeholders.

Material complaints concerning misuse of funds, fraud, project failure or significant non-compliance shall be escalated to the CSR Committee and appropriate corrective action shall be considered.

32. RESPONSE TO NATIONAL EMERGENCIES

The Company may support eligible relief, rehabilitation and reconstruction activities during natural calamities, disasters or national emergencies, subject to the activities being covered under Schedule VII and complying with applicable CSR provisions.

33. REVIEW OF CSR PROJECTS

The CSR Committee may recommend:

- Continuation of a project;
- Expansion of a project;
- Modification of scope;
- Reallocation of funds;
- Change in implementing agency;
- Suspension of a project; or
- Closure of a project,

where such action is considered necessary based on project performance, beneficiary requirements, availability of funds or changes in applicable law. Any material modification shall be placed before the Board wherever Board approval is required.

34. RISK MANAGEMENT

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Before undertaking material CSR projects, the Company may consider risks relating to:

- Implementing agency;
- Financial management;
- Project execution;
- Regulatory compliance;
- Reputation;
- Beneficiary verification;
- Fraud or misuse;
- Delays; and
- Sustainability of the project.

Appropriate safeguards shall be incorporated into project agreements and monitoring mechanisms.

35. MANAGEMENT RESPONSIBILITY

The management shall provide necessary support to the CSR Committee for effective implementation of this Policy.

The following functions shall ordinarily be coordinated:

CSR Committee: Policy, recommendation and oversight
Board: Approval and overall statutory responsibility
Company Secretary: Compliance, records, disclosures and coordination
Finance Department: Budget, payments, accounting and financial monitoring
Project/Work Centre Head: Ground-level implementation and monitoring
Implementing Agency: Execution and reporting, where applicable

36. ANNUAL CSR COMPLIANCE CALENDAR

The Company shall maintain an internal CSR compliance calendar covering, as applicable:

- CSR applicability determination;
- CSR Committee meetings;
- Annual Action Plan;
- Board approval;
- Project implementation;
- Periodic monitoring;
- Utilisation certificates;
- Unspent CSR compliance;
- Website disclosure;
- Board's Report disclosures;
- Annual CSR reporting; and
- Impact assessment, wherever applicable.

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The Chairman/Company Secretary shall periodically place the status of CSR compliance before the CSR Committee/Board.

37. INTERPRETATION

In case of any doubt regarding the interpretation or applicability of any provision of this Policy, the matter shall be referred to the CSR Committee.

However, no interpretation shall override the provisions of the Companies Act, Schedule VII, CSR Rules or any other applicable statutory requirement.

In case of conflict between this Policy and applicable law, the provisions of applicable law shall prevail.

38. AMENDMENT OF POLICY

The CSR Committee may recommend amendments to this Policy from time to time.

The Board may approve amendments to the Policy, subject to applicable law.

The Policy shall automatically stand modified to the extent necessary to comply with any amendment, notification, circular, clarification or statutory requirement issued by the competent authority.

The Policy shall be reviewed periodically and whenever there is a material change in applicable CSR laws, rules or regulatory requirements.

For and on behalf of

K R Pulp and Papers Limited

K R P AND PAPERS LTD. DELHI

Madho Gopal Agarwal
(Managing Director)
DIN: 00034411

Date: 13.10.2015
Place: Delhi