



KANCHI KARPOORAM LIMITED

Corporate Social Responsibility (CSR) Policy

INTRODUCTION

Kanchi Karpooram Limited (the 'Company') has formulated this policy in accordance the provisions of section 135 of the Companies Act 2013 read with Companies (Corporate Social Responsibility Policy) Rules 2014.

PHILOSOPHY

The primary purpose of the CSR philosophy is to make a meaningful impact in the lives of the socially and economically challenged communities of the country through an integrated approach of development paving way for sustainable livelihood, promoting education, environmental sustainability, improved infrastructure and supporting health and sanitation initiatives. We wish to reduce our environmental impact and to contribute in the areas of social, economic and environmental sustainability.

The Company recognizes the importance of good governance and corporate social responsibility in promoting and strengthening the trust of its shareholders and all its stake holders. The Company's CSR policy is centered on the idea to create positive and sustainable impact on society and invest in improving lives of nearby community, to engage with nearby community in identifying local needs and requirements and to identify opportunity and initiatives to enhance - Social, Environmental and Economic Value to the Society along with desired impact.

DEFINITIONS

In this Policy, unless the context requires otherwise:

- a. **"Act"** means the Companies Act, 2013 and the Rules made thereunder, as amended from time to time,
- b. **"Administrative overheads"** means the expenses incurred by the Company for 'general management and administration' of CSR functions in the Company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular CSR project or programme.
- c. **"Corporate Social Responsibility (CSR)"** means and includes but is not limited to –
 - (i) Projects or programs relating to activities specified in Schedule VII to the Act; or



- (ii) Projects or programs relating to the activities approved by the Board in pursuance of the recommendations of the CSR Committee covering subjects enumerated in Schedule VII of the Act, including amendment thereto
- d. **"CSR Committee"** means the CSR Committee of the Board referred to in section 135 of the Act.
- e. **"CSR Policy"** means CSR Policy framed and implemented by the Company including amendments thereto.
- f. **"Net profit"** shall mean the net profits of the Company as defined under the Act and the Rules based on which a specific percentage for CSR expenditure has to be calculated.
- g. **"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.
- h. Words and expressions used and not defined in this policy but defined in the Act shall have the same meanings respectively assigned to them in the Act.

CSR EXPENDITURE

As per the said section the companies

1. Having Net worth of INR 500 crore or more; or
1. Turnover of INR 1000 crore or more; or
2. Net Profit of INR 5 crore or more during the immediately preceding financial year

shall be required to constitute a CSR Committee of the Board "hereinafter CSR Committee". The above provision requires every Company having such prescribed Net worth or Turnover or Net Profit shall be covered within the ambit of CSR provisions.

The Company shall spend at least 2% (two percent) of average Net Profits of the Company made during the three immediately preceding financial years in accordance with the Act and the Rules and the CSR Policy.

CSR COMMITTEE

Composition: The CSR Committee of the Company shall consist of three or more directors out of which one director shall be an independent Director.



Meetings: The Committee shall meet at least once in a financial year.

Quorum: The quorum for the CSR Committee Meeting shall be one-third of its total strength (any fraction contained in that one-third be rounded off as one) or two members, whichever is higher. The Company Secretary shall play the role of Secretary to the Committee.

The Committee's responsibilities are to:

- a. formulate a CSR policy and activities to be undertaken by the Company as per Schedule VII of the Companies Act, 2013 and recommend the same to the Board's approval;
- b. Recommend the amount of expenditure to be incurred on the activities;
- c. Monitor the Policy of the Company from time to time;
- d. Formulate Annual Action Plan which shall include the following;
 - List of CSR Projects or Programme
 - Areas where CSR projects to be implemented
 - Manner of execution
 - Modalities of utilization of funds and implementation schedule for the projects
 - Monitoring and reporting mechanism for the projects
 - Details of need and impact Assessment.

All the activities of CSR will be assessed under agreed strategy and will be monitored regularly and wherever necessary, corrections will be made midcourse.

RESPONSIBILITIES OF BOARD OF DIRECTORS

The Board of the Company shall formally approve the CSR Policy and Budget for CSR activities as recommended by the CSR Committee.

- a. Confirm that such activities fall under the specification of the schedule VII or in the opinion of the Board that it may qualify as CSR activities as per MCA General Circular No.21/2014 dated 18th June 2014.
- b. Ensure that company meets all regulatory requirement as stipulated by various acts from time to time



- c. Assure that the contents of the CSR policy and its activities are promptly displayed in the website.
- d. Ensure that an annual report on CSR activities is included in the Directors' Report every year in the prescribed format.

NOT QUALIFIED AS CSR ACTIVITIES

The following activities DO NOT qualify as CSR activity:

- a. Any activity other than specified in the schedule VII and in the opinion of the Board not qualified as CSR
- b. Activity done in the normal course of business
- c. Any activity benefitting only the employees of the Company and their families
- d. Contribution to any political party directly or indirectly.

CSR expenditure of the Company shall include all expenditures including contribution to corpus, for projects or programs relating to CSR activities approved by the Board, but does not include any expenditure on any item not in conformity or not in line with activities that does not fall under Schedule VII of the Companies Act, 2013.

CSR EXPENDITURE

- a. The CSR Committee and the Board of Directors will note and record the amount of expenditure to be incurred by the Company on the CSR activities. The basis for such recommendation will be the profits of the Company and the percentage prescribed under the Act.
- b. The Annual CSR Budget shall be spent on activities laid down in the CSR Policy of the Company.
- c. The board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.
- d. Any surplus arising out of the CSR projects or programs or activities will not form part of the business profit of the Company and will be:
 - i. ploughed back into the same project or
 - ii. the Company will transfer the unspent amount to the Unspent CSR Account and spend it in pursuance of the Company's CSR policy and annual action plan of the Company.
 - iii. transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.



- e. Where the Company spends excess amount for CSR activities such excess amount may be set off against the requirement to spend under Section 135(5) up to immediate succeeding three financial years subject to the condition that the excess amount available for set off shall not include the surplus arising out of the CSR activities and the Board resolution is passed to that effect.
- f. If the Company fails to spend amount required to be spent under CSR obligation, the Board shall specify the reasons for not spending such amount in the Board's Report. If the unspent amount pertains to "ongoing project" such unspent amount shall be transferred to a separate bank account opened with Scheduled bank to be called as "Unspent CSR Account" within 30 days from the end of financial year and such amount shall be spent by the company in pursuance of its obligation towards the CSR Policy within a period of three financial years from the date of such transfer, failing which, the company shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year.
- g. If the unspent amount does not pertain to "ongoing project" such unspent amount shall be transferred to the National Fund or the Fund prescribed under Schedule VII within 6 months from the end of the financial year.

IMPLEMENTATION OF CSR

- a. The Company will collaborate with the local government agencies, the district administrations, village panchayats, NGOs and other like-minded stakeholders to widen the Company's reach and leverage upon the collective expertise, wisdom that these collaborations bring to the table who have registered themselves with various regulators.
- b. The Board of the Company shall satisfy itself that the funds so disbursed have been utilised 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 the effect shall certify to the effect.
- c. In case of ongoing project, the Board of the Company 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 time period.
- d. If the Company's average CSR obligation is ten crore rupees or more in pursuance of subsection (5) of section 135 of the Act, in the three immediately preceding financial years, the Company shall undertake impact assessment, through an independent agency, of their CSR



projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study.

- e. The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.
- f. The Company undertaking impact assessment may book the expenditure towards CSR for that financial year, which shall not exceed five percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is less.

REVIEW/AMENDMENT IN POLICY

Any amendment in this Policy may be carried out with the approval of the Board of Directors of the Company, based on the recommendations of CSR Committee

In case any amendment(s), clarification(s), circular(s) and guideline(s) issued by applicable regulatory authority (ies), that is not consistent with the requirements specified under this Policy, then the provisions of such amendment(s), clarification(s), circular(s) and the guideline(s) shall prevail upon the requirements hereunder and this Policy shall stand amended accordingly effective from the date as laid down under such amendment(s), clarification(s), circular(s) and guideline(s).