



CORPORATE SOCIAL RESPONSIBILITY POLICY

PHILOSOPHY

Corporate Social Responsibility ("CSR") is a kind of social responsibility integrated into a business model. CSR goes beyond compliance and engages in actions that further some social good, beyond the interests of the company and those which are required by law. CSR aims to embrace the responsibilities for the business actions and encourage a positive impact through its activities on the environment, communities, farmers and in general on the wellbeing of society at large.

At Kanchan Metals Private Limited ("Company"), we are committed to economic, social, environmental and cultural growth of the underprivileged in an equitable and sustainable manner, primarily in the peripheral areas around our factories and corporate office. Over the years, the Company has worked for the enrichment of lives across these communities by creating sustainable livelihoods, promoting education, healthcare, sanitation, etc.

Our Vision for CSR is "to contribute for bringing social and economic change to the underprivileged sections of the society in an equitable and sustainable manner and to contribute for livelihood enhancement initiatives for the weaker sections of the society. In doing so, we believe that we are contributing to develop the quality of human life and making a better India.

LEGAL REQUIREMENTS

Pursuant to Section 135 of the Companies Act, 2013 (as amended) ("Act") read with the Companies (Corporate Social Responsibility) Rules, 2014, (as amended) ("CSR Rules") the Board of Directors ("Board") of the Company is required to formulate a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken as specified in Schedule VII of the Act and the expenditure to be incurred thereon. Additionally, the objective of this Policy is to provide an overall framework, principles and guidelines to the Board of Directors to conduct CSR activities in line with Section 135 of the Act and the Rules and other applicable laws and regulations, as amended from time to time.

The Board of the Company had initially adopted this CSR Policy in terms of section 135 (3) (a) of the Act read with the CSR Rules and Schedule VII of the Act made thereunder on 12th May, 2014, which was further amended on 8th February, 2018.

Considering the recent amendments made in Section 135 of the Act vide the Companies Amendment Act, 2019 and the Companies Amendment Act, 2020 along with changes in the Rules vide the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 ("Amendment Rules"), the Board at their meeting held on 1st June, 2022, based on the recommendations of the Board, have adopted this Policy, namely, KMPL Corporate Social Responsibility Policy ("Policy") and it shall be effective from 1st June, 2022.

CSR COMMITTEE

As per section 135(9) if the amount to be spend by a company does not exceed Rs. 50 Lakh, then the requirement of under section 135(1) with respect to constitution of Corporate Social Responsibility Committee shall not be applicable and CSR functions shall be discharged by Board of Directors. The Board shall meet at least twice in a year to review annual action plan and monitor the CSR projects/ programmes. The quorum shall be two members. The Board shall periodically review the Policy, discuss the budget and strategy, review project progress, issue necessary direction from time to time to ensure orderly and efficient execution of the CSR programmes in accordance with this Policy and also consider the future course of action.

The terms of reference of the Board in relation to CSR are mentioned hereunder:
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contact@snackfoodmachines.com www.snackfoodmachines.com, CIN No.: U27209WB1984PTC037278



- (i) Formulate a CSR Policy (and modifications thereto from time to time) which shall provide an approach and the guiding principles for selection, implementation and monitoring of CSR activities to be undertaken by the Company as well as formulation of the annual action plan.
- (ii) Review the annual action plan, and any modifications thereof, to the Board comprising of following:
 - the list of CSR projects or programmes 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 programmes;
 - the modalities of utilisation of funds and implementation schedules for the projects or programmes;
 - monitoring and reporting mechanism for the projects or programmes; and
 - details of need and impact assessment, if any, for the projects undertaken by the Company
- (iii) Review specific projects, either new or ongoing, in pursuance of the Focus Areas outlined in this Policy or such other activity as listed under Schedule VII of the Act, either for undertaking such projects by the Company itself, directly or through any implementation agency, for inclusion in the annual action plan or contributions or financial assistance.
- (iv) Recommend the amount of expenditure to be incurred on the CSR activities in a financial year and the amount to be transferred in case of ongoing projects and unspent amounts, if any.
- (v) Review the progress of CSR initiatives undertaken by the Company.
- (vi) Monitor the CSR Policy of the Company from time to time and institute transparent monitoring mechanism for implementation of the CSR projects referred to above.
- (vii) Review the Annual Report on CSR activities to be included in Board's Report and take a note of the certificate submitted by the Chief Financial Officer.
- (viii) Review the Impact Assessment Report, if any, obtained by the Company from time to time.
- (ix) Undertake such activities and carry out such functions as may be provided under section 135 of the Act and the Rules.

FOCUS AREAS

The scope of activities which, the Company will undertake towards fulfillment of its CSR shall be in line with Schedule VII of the Act. The Company shall focus on the following key areas for its CSR Activities:

- a) Livelihood enhancement and poverty alleviation
- b) Education including skill development for empowerment of women and others
- c) Healthcare, sanitation & safe drinking water
- d) Rural development and transformation
- e) Environment sustainability & climate change
- f) Disaster management

Besides above, the Board may approve such other CSR activities as permissible under Schedule VII of the Act. The CSR initiatives would be identified as per the requirement in the community and the local area from where the Company operates. Further, the Board may also consider any initiative to be carried out in terms of the Act in any other part of India. Professional agencies may be engaged in conducting need based assessment in some programme, wherever required

IMPLEMENTATION

Subject to the provisions of the Act, the Company will undertake the CSR Activities either (i) directly or (ii) through a registered trust or registered society or registered company (under Section 8 of the Act) registered under section 12A and 80G of the Income Tax Act, 1961, established by it either singly or along with any other company (iii) through any other Implementing Agency.

Provided that if the Company decides to undertake its CSR activities through 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, such company or trust or society shall have an established track record of three years in undertaking similar programs or projects and the Company should have specified the projects or programs to be undertaken, the modalities of utilisation of funds of such projects and programs and the monitoring and reporting mechanism.

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

Further, for carrying the CSR Activities, the Company may also collaborate with the Governments, the District Authorities, the village panchayats, NGOs and other likeminded stakeholders that can widen the Company's reach and help the Company to leverage upon the collective expertise, wisdom and experience that these partnerships bring to the CSR Activities.

However, the Board 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.

CSR EXPENDITURE

- As mandated under Section 135 of the Act read with the CSR Rules, expenditure on CSR Activities in any financial year shall be atleast 2% of the average net profits of the Company made during the three immediately preceding financial years or such higher amount as may be approved by the Board of Directors of the Company.
- The Board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the Company for the said financial year.
- Any surplus arising out of the CSR activities shall not form part of the business profit of the Company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of the CSR Policy and annual action plan of the Company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.
- If the Company fails to spend the minimum allocation of CSR the reasons for not spending the amount shall be specified in the Board's Report prepared under Section 134(3)(o) of the Act and unless the unspent amount relates to any Ongoing Project, it will be transferred to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.
- The Company shall deal with the unspent amount, if any, in the following manner:
 - a) Where the unspent amount is related to an Ongoing Project, such unspent amount shall be transferred to the CSR Unspent Account within a period of 30 days from the end of the financial year and the same shall be spent in the manner as prescribed in section 135(6) of the Act and the CSR Rules; and
 - b) Where the unspent amount is not related to an Ongoing Project, such unspent amount shall be transferred to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year or such other time period as permissible under the Act
- The CSR amount may be spent by the Company 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 under sub-rule (2) of Rule 4; or
 - b) beneficiaries of the said CSR project, in the form of selfhelp groups, collectives, entities; or c) a public authority.



• Where the Company spends an amount in excess of requirement provided under sub-section (5) of section 135, such excess amount may be set off against the requirement to spend under sub-section (5) of section 135 up to immediate succeeding three financial years subject to the conditions that –

a) the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any, in pursuance of sub-rule (2) of this rule; and

b) the Board of the Company shall pass a resolution to that effect

MONITORING, REVIEW AND IMPACT ASSESSMENT

The Board shall review the progress reports as received from implementing agencies and / or concerned officer / team of the Company, as may be the case. The Board shall review the utilisation of the funds disbursed for the purpose and in the manner approved by it. The outcome of impact assessment, if any, 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.

The Company should ensure that the implementing agencies, shall 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 or resulted in creation or acquisition of capital asset, details with respect to the entity holding such capital asset should be duly informed to the Board in accordance with the CSR Rules.

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 can engage a third party for monitoring the same and shall carry out impact assessment, either directly or by engaging independent agency, in accordance with the Act and the CSR Rules.

ANNUAL ACTION PLAN

The Board of Directors shall formulate, an Annual Action Plan in pursuance of this Policy, which shall include focus areas for the year, the list of projects to be undertaken, manner of execution, fund utilisation, monitoring mechanism, etc. The Board of Directors may approve the Annual Action Plan with such further conditions as it deems fit and may alter Annual Action Plan at any time during the financial year, based on the reasonable justification to that effect.

INFORMATION DISSEMINATION

The details of CSR Policy and Projects, as approved by the Board should 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.

AMENDMENTS

Amendments from time to time to the CSR Policy, if any, shall be considered by the Board of Directors of the Company. Any amendments in the Applicable Law, including any clarifications/ circulars of relevant regulator, if mandatory, shall be read with this Policy such that the Policy shall automatically reflect the contemporaneous Applicable Law at the time of its implementation.

Kanchan Metals Pvt. Ltd.

Director