



KANCO TEA & INDUSTRIES LIMITED

Registered Office : "Jasmine Tower", 3rd Floor
31 Shakespeare Sarani, Kolkata - 700 017, India, Telefax : 2281-5217
E-mail : contact@kancotea.in, Website : www.kancotea.in
Corporate Identity Number (CIN)-L15491WB1983PLC035793

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

BACKGROUND

The Companies Act, 2013 ('The Act') has made it mandatory for certain class of Companies to adopt a Corporate Social Responsibility Policy and spend every year an amount prescribed in the Act, towards discharging its obligation towards the society in terms of CSR policy adapted by it.

SHORT TITLE & APPLICABILITY

Kanco Tea & Industries Limited (KTIL) is conscious of its social-responsibilities and the environment in which it operates. KTIL believes in methodology for development in the field of health, education, sanitation, culture and other welfare measures to improve the general standard of living in and around its tea estates with special focus on preserving the environment surrounding the tea estates of the Company. KTIL has all along voluntarily contributed to the community in various forms including monetary donations and aid given to non-profit organizations and registered charitable Trusts.

OBJECTIVE

The main objective of the CSR policy is to establish and lay down the basic principles and the general framework of action for KTIL to undertake and fulfill its corporate social responsibility. The policy will act as a built-in, self-regulating mechanism whereby KTIL will monitor and ensure its active compliance with the spirit of law, ethical standards and requisite norms.

DEFINITIONS

- i. "Act" means the Companies Act, 2013, as amended from time to time.
- ii. "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 programme.
- iii. "Board" means the Board of Directors of the Company.
- iv. "Company" means 'Kanco Tea & Industries Limited'(KTIL).
- v. "CSR" means the activities undertaken by the Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in these rules, but shall not include the following, namely: -





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- activities undertaken in pursuance of normal course of business of the Company;
 - 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;
 - contribution of any amount directly or indirectly to any political party under section 182 of the Act;
 - activities benefitting employees of the Company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);
 - activities supported by the Company on sponsorship basis for deriving marketing benefits for its products or services; and
 - activities carried out for fulfilment of any other statutory obligations under any law in force in India.
- vi. "CSR Committee" means Corporate Social Responsibility Committee of the Company constituted by the Board.
- vii. "CSR Rules" means Companies (Corporate Social Responsibility Policy) Rules 2014 and amendments thereon.
- viii. "CSR Policy" means this Policy.
- ix. "CSR Expenditure" shall include all expenditure including contribution to corpus, for projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee.
- x. "Net profit" shall have the meaning ascribed to it in the Act.
- xi. "Ongoing Project" means a multi-year project undertaken by the 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.
- xii. Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 or the Rules made thereunder, as may be amended from time to time, shall have the meaning respectively assigned to them therein.





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CSR ACTIVITIES

KTIL's CSR activities shall primarily include one or more of the items covered under Schedule VII of the Act as detailed below: -

- (i) 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;
- (ii) promotion of education including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
- (iii) 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;
- (iv) 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 setup by the Central Government for rejuvenation of river Ganga;
- (v) 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 arts and handicrafts;
- (vi) 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;
- (vii) training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
- (viii) contribution to the prime minister's national relief fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the Central Government for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;
- (ix) 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; and 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 Defense Research and





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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).

- (x) Rural development projects
- (xi) Slum area development

For the purposes of this item, the term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.

and

- (xii) Disaster management, including Relief, rehabilitation and reconstruction activities.

Preference shall be given to KTIL's business area and areas around KTIL's Tea Estates for spending the amount earmarked for CSR.

CSR COMMITTEE & ITS DUTIES

The Board will constitute CSR Committee, which shall comprise of such number of members as is mandatorily required by applicable laws.

The CSR Committee shall inter alia be responsible for the following:

- Formulate and recommend the CSR Policy to the Board and suggest changes therein, from time to time;
- Identify the areas of CSR activities to be taken up by the Company every year in accordance with this Policy;
- Formulate and recommend to the Board for its approval, an annual action plan every financial year outlining the following:
 - a) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
 - b) the manner of execution of such projects or programmes;
 - c) the modalities of utilisation of funds and implementation schedules for the projects or programmes;
 - d) monitoring and reporting mechanism for the projects or programmes; and
 - e) details of need and impact assessment, if any, for the projects undertaken by the Company.

The Board may alter the Annual Action Plan at any time during a financial year, as per the recommendation of the CSR Committee, based on the reasonable justification to that effect.





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- Provide an update to the Board on all CSR activities undertaken during the financial year; and
- Such other functions and responsibilities, as may be assigned from time to time.

The CSR Committee shall meet from time to time to discharge its duties.

CSR BUDGET ALLOCATION AND ITS IMPLEMENTATION

The Board of Directors shall make allocation for CSR activities/ projects every year based on the CSR obligation of the Company for that financial year arrived in the manner provided under the Act.

KTIL shall strive to spend at least 2% of the average net profits of KTIL made during the 3 immediately preceding financial years in pursuance of its CSR Policy subject to fulfillment of provisions of section 135 of the Companies Act, 2013.

The Board shall ensure that the Administrative Overheads shall not exceed 5% of total CSR expenditure of the Company for the financial year.

If for any reason, the allocated amount of a year remains unspent/ unutilised, the same would not lapse and will be treated in the following manner:

- In case of Ongoing Project, the unspent amount shall be transferred to an account i.e. 'Unspent CSR Account' within 30 days of end of the financial year, or within such other time period as may be specified in the Act or CSR Rules from time to time, and such sum shall be spent during the next three financial years from the date of transfer, in the manner prescribed under the Act read with CSR Rules, failing which, the Company shall treat the unspent amount in the manner prescribed under the Act read with CSR Rules.
- In case of activities/ projects other than Ongoing Project, the same shall be transferred to funds specified in Schedule VII of the Act, or any such other fund(s) as may be specified under the Act or CSR Rules, within 6 months of close of the financial year or within such other time period as may be specified from time to time.

The Company shall undertake its CSR activities recommended by the CSR Committee through a registered trust established by KTIL i.e KANCO –CSR TRUST.

Any surplus arising out of the CSR activities, projects or programs shall not form part of the business profits of the Company and shall be treated in the following manner:

- i. ploughed back into the same project; or





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- ii. shall be transferred to the Unspent CSR Account (if any) opened by the Company, from which the said amount shall be spent in pursuance of CSR policy and annual action plan of the Company; or
- iii. such surplus will be transferred to a Fund specified in Schedule VII to the Act, or any such other fund(s) as may be specified under the Act or the Rules, within a period of six months of the expiry of the financial year.

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 setting-off against the CSR obligation of the Company over next three consecutive financial year in the manner decided by the Board.

MANAGEMENT AND MONITORING MECHANISM OF CSR PROGRAMMES

CSR Committee will propose CSR Programmes to be carried out during each financial year and the estimated amount thereof for approval of the Board of Directors ('Board') of the Company. The Board will consider and approve such programmes.

The CSR Committee will ensure a transparent monitoring mechanism for ensuring effective implementation of the CSR activities proposed to be undertaken by the Company.

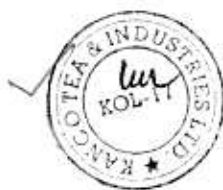
The CSR Committee will ensure that the CSR activities are undertaken in compliance with this CSR Policy and in a project or programme mode with clearly defined implementation schedules, processes and budgets as given in the Annual Action Plan.

The CSR Committee will monitor the projects and programmes to ensure that they are being carried out in compliance with this CSR Policy and the Act. The CSR Committee shall also apprise to the Board of Directors about the progress of CSR project/ programmes/ activities including expenditure incurred by the KANCO-CSR TRUST till the allocated budget is fully utilized.

If in the opinion of the CSR Committee, the implementation of CSR projects requires specialised knowledge and skills, and if the Company does not have such expertise in-house, and dedicated staff to carry out such activities, the CSR Committee may recommend to avail the services of external implementing agencies for the implementation of such CSR projects, as allowed under the Act read with CSR Rules.

IMPACT ASSESMENT

In case, the Company has average CSR obligation of Rupees ten crore or more in pursuance of Section 135(5) of the Act, in the three immediately preceding financial years, it shall undertake impact assessment, through an independent agency, of its CSR





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

The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.

DISCLOSURE

The Company shall disclose the composition of the CSR Committee, CSR Policy and the Projects approved by the Board on its website. The CSR Committee shall prepare an annual report on CSR, in the format prescribed under the Act and such report shall be included in the Board's report annexed to the financial statements. The report shall be signed by the Chairman of the CSR Committee and Whole time Director/Director of the Company.

The Company shall host the contents of the CSR Policy on its website and web link of Policy along with salient features of the Policy and details of change (if any) during the financial year, shall be disclosed in the Board's report

REVIEW & AMENDMENT OF THE POLICY

The CSR Committee shall review the CSR Policy from time to time based on the changing needs and make suitable modifications as may be necessary with the approval of the Board.

This policy was initially approved by the Board of Directors at its meeting held on 6th August, 2014 and subsequently amended on following date:

i. 1st amendment –

Kanco Tea & Industries Ltd.

✓

L. Hanumanth

Director.