

Krystal Integrated Services Limited

Corporate Social Responsibility Policy

Effective Date: 15th September, 2023

The Corporate Social Responsibility (CSR) Committee of the Board of Directors of the Company had formulated this policy and the same was approved by the Board of Directors at its meeting held on 31st July, 2014.

This amended policy has now been recommended by the CSR Committee and approved by the Board of Directors of the Company at its meetings held on 15th September, 2023. This Policy shall be effective from 15th September, 2023. This Policy supersedes any other Corporate Social Responsibility Policy in existence prior to this.

Introduction

Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 and Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 ('CSR Rules'), including any amendment thereof requires the Company to constitute a Corporate Social Responsibility Committee of Directors, adopt a CSR Policy, spend at least 2% of its average net profits made during the immediately preceding three financial years towards CSR activities as set out in Schedule VII to the Companies Act, 2013 and confirm compliance thereof in the Annual Report.

Accordingly, the Company has formulated and adopted this Corporate Social Responsibility Policy ('CSR Policy').

CSR is a company's sense of responsibility towards the community and environment in which it operates. It is the continuing commitment by a business to behave ethically and contribute to the economic development of communities who are inequitably endowed.

The Company believes in conducting its business responsibly, fairly and in a transparent manner. It continually seeks ways to bring about an overall positive impact on the society and environment where it operates. The Company has been making consistent efforts over the years towards economic and social upliftment of the marginalized and vulnerable sections of society.

Objective

The main objective of this CSR Policy is to lay down guidelines to make CSR a key business process and support programmes aimed at development of communities who are inequitably endowed. It aims in enhancing welfare measures of the society based on the immediate and long term social and environmental consequences of the Company's activities in India. This Policy states the guiding principles for selection of CSR activities in pursuance of Schedule VII to the Companies Act, 2013, modalities of execution and implementation and monitoring mechanism of CSR projects/programmes.

CSR Amount and Expenditure

The Company shall endeavour to spend in every financial year, at least 2% of its average net profits made during the 3 immediately preceding financial years, in pursuance of this CSR Policy and in the manner as specified in Section 135 of the Companies Act, 2013 and the Rules made thereunder from time to time.

Guiding Principles for Selection of CSR Activities

The Company shall conduct its CSR activities as laid down in Schedule VII of the Companies Act, 2013 and as approved by the CSR Committee of the Company. These activities will in turn focus on established need, sustainability and focused outcomes of the chosen sectoral themes. The Company shall not fund any CSR activities undertaken outside India or in pursuance of its normal course of business. The Company plans to focus its CSR initiatives and adopt a structured approach to the core areas of intervention undertaken across India, in line with the spread of its business & operations.

The Company may also undertake CSR activities jointly with its group companies and/or other companies, where such a collaborative approach has clearly defined roles and responsibilities outlined of each company.

Guiding Principles for Implementation of CSR Activities

A. Through

- i. Mi Mumbai Abhiyan Abhiman Pratishtha**
- ii. Anthyodaya Pratishthan**
- iii. Shree Mahalaxmi Tirupati Education Society**

The Foundations have been incorporated with the aim to undertake, pursue and be concerned with the welfare, betterment and advancement of society as a whole across multiple social sectors. The Foundations in turn will be the primary implementing agency to execute the CSR mandate of the Company either:

- i) directly, by executing and implementing programmes permitted under Schedule VII and approved by the CSR Committee; or**
- ii) by entering into partnerships with implementing organisations registered in India, having a valid CSR Registration Number granted by the Ministry of Corporate Affairs (MCA) and having track record of service, performance, governance and accountability.**

The Foundations are registered with the MCA for undertaking CSR activities. The registration number are CSR00006199, CSR00006165, CSR00019457 respectively. All the aforementioned organisations including the Foundation will be referred as “Partnering NGOs” in this Policy.

B. Directly or through other Implementing Agency

The Company may directly undertake the CSR activities as permitted under Schedule VII and approved by the CSR Committee or execute and implement CSR activities through any other implementing agency registered in India, having a valid CSR Registration Number granted

by the Ministry of Corporate Affairs (MCA) and having track record of service, performance, governance and accountability.

Role of CSR Committee

The Board of Directors of the Company has constituted a CSR Committee of Directors. The CSR Committee will play the following role in fulfilling the Company's CSR objectives:

- a) Review and recommend the CSR Policy to the Board of Directors;
- b) Recommend the amount of annual expenditure to be incurred on the CSR activities;
- c) Review the annual action plan for each financial year and recommend the same to the Board;
- d) Review and recommend to the Board, certain CSR projects/programmes as ongoing projects in accordance with the CSR Rules;
- e) Review the impact assessment reports of CSR projects;
- f) Annually report to the Board, the status of the CSR activities and contributions made by the Company.

The CSR Committee shall do all such acts, deeds, matters and things to ensure compliance with applicable provisions relating to CSR and the CSR policy as amended, from time to time.

The overall execution of the Policy and day-to-day administration will be the responsibility of the CSR team within the Foundation, other senior officials of the Company or such other officers as may be designated by the CSR Committee, working under the guidance of the CSR Committee to ensure that the CSR initiatives are in line with this Policy.

The composition of the CSR Committee and the detailed terms of reference are available on the website of the Company at www.krystal-group.com

Annual Action Plan

The CSR team shall formulate an Annual Action Plan for each financial year and recommend the same to the CSR Committee and the Board for its approval.

The annual action plan shall include the following:

1. List of CSR projects;
2. Manner of execution of CSR projects;
3. Modalities of utilisation of funds and implementation schedules for CSR projects;
4. Monitoring and reporting mechanism for CSR projects;
5. Details of need and impact assessment for CSR projects, as may be applicable.

An update on the status of compliance with the Annual Action Plan shall be provided to the CSR Committee and Board of Directors on a periodic basis, and may be modified accordingly.

Process for Implementing CSR Activities / Projects

The following procedure is required to be adhered to while undertaking/funding CSR activities:

- a. Execution of Grant letters with all Partnering NGOs, which would detail the project proposal and understanding, responsibilities of the partner, execution timelines, communication and monitoring of project outcomes for the parties signing the Grant Letter;
- b. The CSR contribution would be for a project as identified by the Company, either for a single financial year or as an ongoing project for multi-years, depending on the scale and needs of the project;
- c. The disbursement of the contribution amount by the Company to the Partnering NGOs shall be made only if they have a unique CSR registration number granted by the MCA and requisite approvals and registrations as required under the Income Tax Act, 1961 or other applicable laws in India; and
- d. The disbursement will be made only upon receipt of a proposal from the Partnering NGOs specifying the budget that is required, activity for which it is required and project outputs & outcomes, as may be required.

Monitoring and Evaluation Framework

The Company shall be entitled to receive the following information from the Partnering NGOs:

- i) Annual Report with audited financial statements;
- ii) Operational/progress reports either quarterly or half yearly, depending on the size and scale of the project
- iii) Impact assessment reports of the CSR project;

To ensure steady progress and proper utilization of CSR amount, the following monitoring mechanism may be adopted depending upon the size of contribution and the Partnering NGOs:

- i. Periodic field visits by the CSR team;
- ii. Undertaking sample third party audits of the projects; and
- iii. Review of externally certified funds utilisation reports, submitted by the Partnering NGOs.

The Chief Financial Officer of the Company or any other person responsible for the financial management shall certify the utilisation of funds disbursed for CSR projects for each financial year. The same to be placed before the Committee and the Board of Directors.

Impact Assessment

The Company shall through a panel of independent agencies undertake impact assessment for eligible CSR projects as may be prescribed under the CSR Rules. The CSR Committee of the Company shall decide the periodicity for undertaking impact assessment of the CSR projects or programmes as mandated by the MCA.

In an event wherein a CSR project or programme is undertaken by the Company jointly with its group companies or any other company, the manner of execution, modalities of sharing of costs incurred including conducting an impact assessment and other matters shall be decided by the CSR Committee.

The impact assessment reports shall be placed before the CSR Committee and the Board of Directors for their noting and shall be annexed to the annual report on CSR activities for each financial year. Expenditure incurred towards carrying out the impact assessment will be considered as part of CSR expense, as per the limits stipulated under the CSR Rules.

Reporting

The CSR Committee shall report to the Board of Directors of the Company, the status of the CSR projects undertaken by the Company in the Annexure to the Directors' Report, in the Company's Annual Report.

The Company shall upload this Policy, and all other information as statutorily required on its website, www.krystal-group.com.

Amendments to the Policy

The Board of Directors may amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision/amendment in accordance with the Act, Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.
