

KALLAM TEXTILES MILLS LIMITED
CORPORATE SOCIAL RESPONSIBILITY POLICY

In accordance with the provisions of Section 135 of Companies Act, 2013, the Corporate Social Responsibility (CSR) Committee of Kallam Spinning Mills Limited (“the Company”) was constituted by the Board of Directors of the Company at their meeting held on 27th May, 2014. The composition of the said Committee comprises of three directors, out of which one director is Mr. M.R.Naik, Independent Director and also the Chairman of the CSR Committee and other two directors are Mr. G.V. Krishna Reddy and Mr. M.V. Subba Reddy, Executive Directors.

*** OBJECTIVE :**

This Policy has been formulated in compliance with Section 135 of the Companies Act, 2013 read along with the applicable rules thereto.

*** CSR VISION :**

KSML’s vision is to be a responsible industry leader and demonstrate environmental, transparent and ethical behavioural practices which will contribute to the economic and sustainable development within the company, industry, and society at large.

The Company’s CSR activities build an important bridge between business operations and social commitment evolving into an integral part of business functions, goals and strategy.

*** SCOPE :**

This Policy shall apply to all CSR projects /programmes / activities undertaken by the Company in India as per Schedule VII of the Companies Act, 2013.

*** DEFINITIONS :**

1. Corporate Social Responsibility (CSR) means and includes but is not limited to: Projects or programs relating to activities specified in Schedule VII to the Companies Act, 2013 (‘Act’).
2. CSR Committee means the Corporate Social Responsibility Committee of the Board referred to in Section 135 of the Act.
3. CSR Policy relates to the activities to be undertaken by the Company as specified in Schedule VII to the Act and the expenditure thereon.
4. Net Profit means the net profit of the Company as per its financial statement prepared in accordance with applicable provisions of the Act (Section 198)

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Provided that net profit in respect of a financial year for which the relevant financial statements were prepared in accordance with the provisions of the Companies Act, 1956 shall not be required to be re-calculated in accordance with the provisions of the Act.

* ROLE OF THE CSR COMMITTEE :

- a. Formulate and recommend to the Board, a Corporate Social Responsibility Policy in compliance with Section 135 of the Companies Act, 2013.
- b. Identify the activities to be undertaken as per Schedule VII of the Companies Act, 2013.
- c. Institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company.
- d. Recommend the amount of CSR expenditure to be incurred on the earmarked CSR activities.
- e. Monitor the implementation of the CSR Policy from time to time.
- f. Such other functions as the Board may deem fit.

* ROLE OF THE BOARD :

- a. After taking into account the recommendations made by the CSR Committee, approve the CSR Policy for the Company
- b. Ensure that the CSR activities included in this Corporate Social Responsibility Policy are undertaken by the Company.
- c. Project / programs covered under CSR activities shall be implemented by
 - i) Kallam Spinning Mills Limited, CSR arm of the Company
 - ii) Any other institutes, NGOs, Government, Semi-government, autonomous bodies, trusts etc. However, any such projects / program to be undertaken through these entities shall have an established track record of 3 years of undertaking such projects/programs .
- d. Ensure that in each financial year the Company spends at least 2% of the average net profits of the company made during the three immediate preceding financial years, calculated in accordance with Section 198 of the Act, in pursuance of its CSR policy.

Further, while spending the amount earmarked for CSR activities, preference should be given to local areas and areas around the Company where it operates,
- e. As per Section 135 of the Act, specify the reasons for under spending the CSR amount in the Board's Report.

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* CSR ACTIVITIES FOR IMPLEMENTATION :

The CSR Activities would be chosen for implementation by the Company in compliance with the provisions of Section 135 read together with Schedule VII of the Companies Act, 2013.

* EXCLUSION FROM CSR :

The following activity shall not form part of the CSR activities of the Company:-

1. The activities undertaken in pursuance of normal course of business of a company.
2. CSR projects /programs or activities that benefit only the employees of the Company and their families.
3. Any contribution directly / indirectly to political party or any funds directed towards political parties or political causes.
4. Any CSR projects /programs or activities undertaken outside India.

* CSR MONITORING AND REPORTING FRAMEWORK :

In compliance with the Act and to ensure funds spent on CSR Activities are creating the desired impact on the ground a comprehensive Monitoring and Reporting framework has been put in place.

The CSR Committee shall monitor the implementation of the CSR Policy through periodic reviews of the CSR activities.

The respective CSR personnel will present their annual budgets along with the list of approved CSR activities conducted by the Company to the CSR Committee together with the progress made from time to time as a part of the evaluation process under the monitoring mechanism.

* CSR EXPENDITURE :

The CSR activities undertaken in India only shall amount to CSR Expenditure. CSR Expenditure shall include all expenditure including contribution to corpus for CSR activities approved by the Board on the recommendation of the CSR Committee but does not include any expenditure on an item not in conformity or not in line with activities which fall within the purview of Schedule VII of the Act.

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* DISCLOSURE OF THE POLICY :

The CSR policy recommended by the CSR Committee and approved by the Board shall be displayed on the Company's website and shall be disclosed in the Board's report as well. .

* CSR REPORTING :

The Board Report of a Company shall include an Annual Report on CSR containing particulars specified in Annexure to the CSR Rules as per the prescribed format.

* FREQUENCY OF MEETINGS :

The meetings of the Committee could be held at such periodic intervals as may be required.

* QUORUM :

Minimum two (2) members shall constitute a quorum for the Committee meeting.

* CHAIRMAN :

In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.

* MINUTES OF THE COMMITTEE MEETING :

Proceedings of all meetings must be minuted and signed by the Chairman of the Committee and tabled at the subsequent Board and Committee meeting.

* UPDATION/AMENDMENTS :

This policy shall be updated from time to time, by the Company in accordance with the amendments, if any, to the Companies Act, 2013, rules made there under or any other applicable enactment for the time being in force.