



KANDAGIRI SPINNING MILLS LIMITED

Post Box No.3, Udayapatti, Salem 636 140.Ph. 0427-2244400; Fax-0427-2244422

CIN: L17111TZ1976PLC000762

E mail: sales@kandagirimills.com; Website: www.kandagirimills.com

CORPORATE SOCIAL RESPONSIBILITY POLICY

PREAMBLE

The CSR Policy has been formulated in due compliance with the provisions of section 135 of the Companies Act, 2013, read with relevant rules and Schedule VII of the Companies Act, 2013. Kandagiri Spinning Mills Limited (hereinafter called as 'Company') is committed to society, ecology and environment. This policy is framed to pursue initiatives directed towards enhancing welfare measures of the weaker sections of the society.

OBJECTIVE

The objective of this policy is not only to guide the Company and its people to indulge in social activities but also to integrate the business processes with social processes. The Company believes that CSR policy is the Company's faith in socially inclusive and sustainable business as the way of doing business.

DEFINITIONS

For the purposes of this policy references to the following shall be construed as

“**Act**” means the Companies Act, 2013.

“**Board**” means Board of Directors of the Company.

“**CSR Committee**” means Corporate Social Responsibility (CSR) Committee of the Company as constituted or reconstituted by the Board from time to time.

“**Company**” refers to Kandagiri Spinning Mills Limited.

“**CSR Policy**” means the contents herein including any amendments made by the Board of Directors of the Company.

“**Net profits**” means the net profit before tax of the Company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely:-

- a. Any profit arising from any overseas branch or branches of the Company, whether operated as a separate Company or otherwise; and
- b. Any dividend received from other Companies in India, which are covered under and complying with the provisions of Section 135 of the Companies Act, 2013.

All terms not defined herein shall take their meaning from the Companies Act, 2013 and the applicable rules framed thereunder.

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CONSTITUTION OF CSR COMMITTEE

The Board has the power to constitute/ reconstitute the CSR Committee from time to time with due compliance with the applicable statutory requirement to oversee the CSR obligations of the Company. At present, the CSR Committee comprises of the following Directors:

- (i) Sri R. Selvarajan – Chairman (Chairman and Managing Director)
- (ii) Sri S. Vijay Shankar – Member (Chief Financial Officer & Director)
- (iii) Sri S. Devarajan – Member (Non-Executive Director)
- (iv) Dr V. Gopalan – Member (Independent Director)

ROLE OF THE COMMITTEE

The role of the Committee inter alia will be the following:

- To formulate and recommend to the Board, a Corporate Social Responsibility Committee indicating the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
- To approve projects in line with the CSR Policy.
- To frame the modalities of execution of such projects and its implementation schedules.
- To institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company.
- To recommend the CSR expenditure to the Board.
- To monitor and review the CSR policy of the Company from time to time.

MANNER OF SELECTION AND EXECUTION OF CSR PROJECTS

1. A CSR project may be selected by the CSR Committee from the activities specified under Schedule VII of the Companies Act, 2013 on its own discretion and accord priority to the projects selected by it.
2. The CSR Committee, after identifying and approving a CSR project, may fix a target spending and formulate the modalities of execution and implementation thereof.
3. The CSR Committee shall periodically monitor and evaluate the performance of the Projects and the achievement of targets.

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CSR THRUST AREAS OF THE COMPANY

The Company has currently identified the following CSR thrust areas which are covered under Schedule VII of the Companies Act, 2013 for CSR activities which will be implemented through below mentioned trusts which have a track record of undertaking similar programs or projects.

| Sl. No | THRUST AREAS | Related to Schedule VII of Companies Act, 2013 | ACTIVITES COVERED | IMPLEMENTATION ROUTE |
|---------------|----------------------------------|---|---|--|
| 1 | Healthcare | Item No: 1 of Schedule VII <ul style="list-style-type: none"> Eradicating hunger, poverty and malnutrition, promoting healthcare including preventive healthcare and sanitation and making available safe drinking water | <ul style="list-style-type: none"> Vaccination Malnutrition Conducting Medical Tests Safe Drinking Water & Sanitation | Through S. Palaniandi Mudaliar Charitable Trust |
| 2 | Education | Item No: 2 of Schedule VII <ul style="list-style-type: none"> Promoting education including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects; | <ul style="list-style-type: none"> Funding to ITI, School & Polytechnic | Through Sengunthar Education Trust |
| 3 | Enhancement of vocational Skills | Item No: 2 of Schedule VII <ul style="list-style-type: none"> Promoting education including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects; | <ul style="list-style-type: none"> Providing Vocational courses including women & differently abled persons | Through Sengunthar Education Trust, IMC & Trust for Mentally Challenged Children |
| 4 | Sports | Item No: 7 of Schedule VII <ul style="list-style-type: none"> Training to promote rural sports, nationally recognised sports, paralympic sports and olympic sports; | <ul style="list-style-type: none"> Promoting Rural Sports | Through Sri Abhinav Trust |
| 5 | Contribution to PM Relief Fund | Item No: 8 of Schedule VII <ul style="list-style-type: none"> Contribution to Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled castes, the Scheduled Tribes, other backward classes, minorities and women; | <ul style="list-style-type: none"> As decided by the Committee on case to case basis | Direct |

The Committee may include such other activities specified under Schedule VII of the Companies Act, 2013 and amendments thereto from time to time. The Company apart from above mentioned trusts may also implement its CSR activities through some other trusts/societies or otherwise as decided by the Committee from time to time in accordance with the provisions of the Act and rules framed thereunder.

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CSR EXPENDITURE

The Company will spend towards its CSR activities, an amount equivalent to atleast 2% of the average net profits of the Company made during the three immediately preceeding financial years as specified under the provisions of Section 135 of the Companies Act, 2013. And the CSR Budget will be decided by the CSR Committee from time to time based on the projects undertaken as per the limits specified under Section 135 of the Companies Act, 2013 and be placed before the Board for approval.

TREATMENT OF SURPLUSES

The Surpluses arising out of the CSR projects or activities undertaken by the Company from time to time will not form part of the business profits of the Company

NOTE

The Company is not required to spend on CSR activities in the financial year 2014-15 since the Company does not have average net profits as specified under Section 135 of the Companies Act, 2013. As and when in future, the Company has any 'average net profits' as specified under Section 135 of the Companies Act, 2013, the Company will spend on CSR activities in accordance with the provisions of the Act.

IMPLEMENTATION AND MONITORING PROCESS

The CSR Committee will formulate the modalities of execution, implementation schedule and lay out the monitoring process with respect to the CSR projects undertaken.

REVIEW

The CSR Committee will review the policy from time to time based on the changing requirement and make such modifications as may be necessary and be placed before the Board for approval.

Date : 28th May, 2015
Place : Salem

By order of the Board
Kandagiri Spinning Mills Limited

