

**KARNATAKA SILK INDUSTRIES CORPORATION LIMITED**

**CORPORATE SOCIAL RESPONSIBILITY**  
**("CSR") POLICY**

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## **1. Legislation**

Pursuant to Section 135 of the Companies Act, 2013, and Companies (Corporate Social Responsibility Policy) Rules, 2014 every Company having net worth of Rs. 500 Crores or more or turnover of Rs. 1,000 Crores or more or net profit of Rs. 5 Crores or more during any financial year shall constitute Corporate Social Responsibility Committee ('CSR Committee') and the CSR Committee shall:

- a) Formulate and recommend the CSR Policy which shall indicate the activities to be undertaken by the company as prescribed,
- b) Recommend the amount of expenditure to be incurred on the activities referred to in clause –(a),
- c) Monitor the Corporate Social Responsibility Policy of the company from time to time.
- d) This Policy on Corporate Social Responsibility (CSR Policy) has been formulated by the CSR Committee and then was recommended to the Board of Directors of the Company ('Board') for its approval. The Board at its meeting held on 15.02.2016 approved and adopted the CSR Policy with immediate effect.

## **2. Definitions**

In this Policy unless the context otherwise requires:-

- a) 'Act' means the Companies Act, 2013;
- b) 'Corporate Social Responsibility' means Corporate Social Responsibility (CSR) as defined in Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014;
- c) 'Ministry' means the Ministry of Corporate Affairs
- d) 'Net Profit' means net profit as defined in Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014 as set out below:

Net Profit as per financial statements prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely:

- i) Any profit arising from any overseas branch or branches of the Company, Whether operated as a separate company or otherwise; and
- ii) Any dividend received from other companies in India, which are covered under and complying with the provisions of Section 135 of the Act.
- iii) Words and expressions used in this CSR Policy and not defined herein but defined in the Act shall have the meaning respectively assigned to them in the Act.

### **3. Details of the CSR project**

The Policy recognizes that Corporate Social Responsibility is not merely compliance; it is a commitment to support initiatives that measurably improve the lives of underprivileged by one or more of the following focus areas as notified under Schedule VII of Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014:

- i) Eradicating hunger, poverty & malnutrition, promoting preventive health care & sanitation & making available safe drinking water;
- ii) Promoting education, including special education & employment enhancing vocation skills especially among children, women, elderly & the differently-abled & livelihood enhancement projects;
- iii) Promoting gender equality, empowering women, setting up homes & hostels for women & orphans, setting up old age homes, day care centers & such other facilities for senior citizens & measures for reducing inequalities faced by socially & economically backward groups;
- iv) Reducing child mortality and improving maternal health by providing good hospital facilities and low cost medicines;
- v) Providing with hospital and dispensary facilities with more focus on clean and good sanitation so as to combat human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases;

- vi) Ensuring environmental sustainability, ecological balance, protection of flora & fauna, animal welfare, agro-forestry, conservation of natural resources & maintaining quality of soil, air & water;
- vii) Employment enhancing vocational skills;
- viii) Protection of national heritage, art & culture including restoration of buildings & sites of historical importance & works of art; setting up public libraries; promotion & development of traditional arts & handicrafts;
- ix) Measures for the benefit of armed forces veterans, war widows & their dependents;
- x) Training to promote rural sports, nationally recognized sports, Paralympics sports & Olympic sports;
- xi) Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development & relief & welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities & women;
- xii) Contributions or funds provided to technology incubators located within academic institutions, which are approved by the Central Government;
- xiii) CSR activities shall be undertaken as projects, programs or activities (either new or ongoing) excluding activities undertaken in pursuance of the normal course of business of the Company.

#### **4. Commitment and implementation of CSR**

KSIC is committed for implementation of CSR. The CSR Committee may choose any project which may be useful and beneficial to the public in general and which is covered under any of the activities as mentioned above and will spend the amounts towards CSR Activities as per the aforementioned requirements.

The overall responsibility of administering, deciding the spend and monitoring the CSR Policy will vest with the CSR Committee. However, for the day to day effective implementation, actual spending, identifying the projects, liaising with identified agency/people, the CSR Committee,

authorizes the Managing Director and Head of HR of the Company (together shall be termed as “CSR Implementation Team”) as persons responsible for implementing the CSR Policy. The Managing Director and Head of HR are authorized to enlist the services of such personnel of the company (Administration/Finance/HR/Quality/Legal & other persons interested in doing CSR activity and work on voluntary basis) and also seek services of an external expert agency, as they deem fit and if found necessary for the purposes of effective implementation of this policy. The Managing Director and Head of HR are authorized to make any decisions as they deem fit for the purposes of effective implementation of the policy.

## **5. Roles and responsibilities of the Board**

- a) To approve the CSR policy recommended by the CSR Committee with or without any change(s), and disclose the contents of such policy in its report
- b) To ensure that the CSR activities are undertaken by the company
- c) To report CSR activities in Board’s Report and disclose any non compliance thereof with reasons for not spending the amounts
- d) The Companies Act, 2013 further provides that the Board of every company referred to, in to which Section 135(1) applies, shall ensure that the company spends, in every financial year, at least two percent, of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy;
- e) Provided that the company shall give preference to the local area and areas around it operates, for spending the amount earmarked for CSR activities;
- f) Provided further, if the Company fails to spend such amount, the Board shall, in its report made under clause (O) of the sub-section (3) of the section 134, specify the reasons for not spending the amount.
- g) Pursuant to the above section of the companies Act 2013 the company shall constitute corporate social responsibility Committee (“CSR”) policy. The CSR committee has been constituted as under:

**Composition of the CSR Committee:**

1.	Secretary, Horticulture & Sericulture Dept.	-	Chairman
2.	Managing Director	-	Member
3.	Deputy Secretary, Finance Department	-	Member
4.	Commissioner for Sericulture Development & Director of Sericulture	-	Member

**6. Review and Reporting**

- a) The Committee shall formulate policy including the activities specified in Schedule VII.
- b) The Board shall disclose the content of policy in its report and place on website.
- c) If the Company fails to spend such amount the Board shall give in its report the reasons for not spending.
- d) Reporting will be done on an annual basis.
- e) The Company will report, in the prescribed format as set out herein as Annexure 1 the details of CSR Initiatives and activities of the Company in the Board's Report.

**7. General**

- i) All administrative expenses including expenditure on wages & salaries, tours and travels, training & development of personnel deputed on CSR activities would be borne out of the amount earmarked for CSR activities.
- ii) If it is observed that any CSR activity taken up for implementation is found not properly implemented, the Board at its discretion may discontinue funding the project at any time during the course of implementation.

**8. Monitoring**

- a) In order to monitor the proper utilization of the funds so contributed, a CSR cell be constituted by the managing Director.
- b) The Committee shall ensure appropriate documentation of the CSR Policy, annual CSR activities and expenditures.
- c) The CSR Committee shall uniformly check and audit the ongoing activities and take suitable actions if needed to ensure that the activities are carried out as per the plans.

## 9. Amendments to the Policy

- i) The CSR Committee may suggest such amendments as it may deem fit to the Board which may review the recommendations and take appropriate decisions. The decision of the Board of Directors on all matters, relating to this Policy, shall be final and binding upon all concerned.
  - ii) This Policy is subject to continuous review and updates as may be required from time to time.
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## Annexure I

Format for the Annual Report on CSR Initiatives to be included in the Board's Report on CSR to form part of the Annual Report and website of the Company

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1. Brief outline of Company's CSR Policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs.
2. The composition of the CSR Committee.
3. Average Net Profit of the Company for last three financial years.
4. Prescribed CSR Expenditure (two percent of the amount as in item No. 3 above)
5. Details of CSR spent during the financial year:
  - a) total amount to be spent for the financial year:
  - b) amount unspent:
  - c) manner in which the amount spent during the financial year is detailed below:

S. No.	CSR project / activity identified	Sector in which the Project is covered	Projects / Programmes 1. Local area/others- 2. Specify the state and district where projects or programs were undertaken	Amount outlay (budget) project/ programs wise	Amount spent on the project / programs Subheads: 1. Direct expenditure on project, 2. Overheads	Cumulative spend up to the reporting period	Amount spent: Direct / through implementing agency*
1							
2							

\*Details of implementing Agency

1. In case the Company fails to spend the 2% of the Average Net Profit (INR) of the last 3 financial years, the reasons for not spending the amount shall be stated in the Board report.

Responsibility statement, of the CSR Committee, that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company duly signed by Director and Chairperson of the CSR C