

CORPORATE SOCIAL RESPONSIBILITY POLICY

Policy Statement

“The company believes in constantly engaging in improving livelihood of local community which ensures collective growth and sustainable development.”

Davangere Sugar Company Limited (company) believes that corporate should involve in serving local community, not just by providing jobs, but also by providing value addition to their very livelihood. This ensures that not only the company grows but the community as a whole grows collectively and sustainably. Collective growth in turn ensures social equality, behavioral improvement and expansion of civic society beyond urban boundaries. In addition to this, sustainability ensures optimum use of resources, systematic flow of knowledge on such usage and perpetual flow of benefits to generations to come. All the Corporate Social Responsibility (CSR) activities of the company should be aimed towards collective growth and sustainable development

The company believes that it should look beyond its commercial interests and legal compliances while serving local community. All the efforts of the company should be towards ensuring that the full benefit of CSR activities flows directly to the local community and it complies with the law relating to CSR

The company believes that far more than setting up infrastructure facilities for the use of local community, it is important to actively and manually engage in serving them. Result can be measured in terms of impact on the individual lives being touched by the CSR activity conducted. The company's endeavor should be to touch individual lives and improvise them. Because it is the individual lives which translates into collective growth and consequently sustainable development.

The CSR Committee was constituted by the Board of the company in terms of Section 135 of Companies Act 2013 read with Companies (Corporate Social Responsibility) Rules 2013. CSR Committee recommended this CSR policy to the Board and the Board adopted the same in its meeting held on 04-03-2015

A. Objective of CSR policy

1. Lay down the functions of CSR Committee and Board
2. Provide for modalities of CSR corpus and expenditure
3. Indicate CSR activities / programs / projects
4. Provide broad frame work for engaging CSR Agency or engaging in collaboration with other companies for CSR activities
5. Lay down broad procedure for implementing this policy.

B. Functions of CSR Committee

1. To formulate and recommend to the Board, a CSR Policy;
2. To recommend the amount of expenditure to be incurred on the CSR activities
3. To monitor the CSR Policy of the company from time to time and
4. To make other relevant recommendations to the board

C. Functions of the Board towards CSR activities:

1. To ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the company
2. To make adequate disclosure on CSR activities in its report to shareholders and also in other relevant materials like website of the company
3. To ensure that the company spends, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years

D. CSR corpus:

1. At the beginning of each financial year, cash equivalent of at-least two per cent of the average net profits of the company made during the three immediately preceding financial years shall be funded to CSR corpus
2. Average net profits shall be calculated as per Section 198 of Companies Act 2013 read with Companies (Corporate Social Responsibility) Rules 2013
3. Aforesaid statutory minimum shall be completely spent out of CSR corpus during the financial year towards CSR activities
4. The board may fund more amounts to CSR corpus at their discretion. However such additional amount need not be spent compulsorily and may be maintained in CSR corpus for use in the same or subsequent financial years
5. The amount required towards CSR corpus for each financial year shall be recommended by CSR committee to the Board, at the beginning of each financial year
6. Any surplus arising out of CSR activity shall be flowed back to CSR corpus and shall not be added to business profits of the company

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KUKKUWADA – 577 525

CIN: LO1115KA1970PLC001949

7. Company may build in-house CSR capacities as well as the capacities of CSR Agency (where engaged). However the expenditure incurred towards such capacity building exercise shall not exceed five percent of total CSR expenditure of the company in a financial year

E. CSR activities / projects / programs:

1. CSR activity for each financial year, shall be recommended by CSR committee
2. The company may conduct any CSR activity within the overall policy statement specified herein
3. An indicative list of CSR activities as per the law is given hereunder.
 - a. Eradicating extreme hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water
 - b. promotion of education including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects
 - c. promoting gender equality, empowering women, setting up homes and hotels for women and orphans; setting up old age homes, day care centers, and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
 - d. 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
 - e. protection of natural heritage, art and culture including restoration of buildings and sites of historical importance and works of art, setting up public library, promotion and development of traditional arts;
 - f. Measures for benefit of armed forces, veterans, war widows and their dependents
 - g. Training to support rural sports, nationally recognized sports, Paralympics sports and Olympics sports
 - h. contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;

- i. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government,
- j. Rural development projects

4. Activities excluded from CSR purview:

- a. Activities that are undertaken in the normal course of business of the company
- b. Activities that benefit only the employees of the Company and their families.
- c. Contribution of any amount to any political party.
- d. Activities undertaken outside India.

F. Engagement of CSR Agency for conducting CSR activities:

1. At the recommendation of CSR committee, the Board may engage CSR Agency for conducting its CSR activities
2. The CSR Agency shall be registered as trust or society or company (whether charitable or otherwise)
3. The CSR Agency may be established by the company itself OR the agency may have been formed by outsider
4. If the CSR Agency is not established by the company, then it shall have an established track record of three years in conducting the CSR activities which the company is planning to conduct
5. The company may carry out CSR activities on its own or by engaging CSR agency or by dividing CSR activities between itself and the CSR agency. Accordingly CSR spending may also be divided
6. Where company engages CSR Agency, the Board on recommendation of CSR Committee – shall specify the activities to be carried out by the CSR agency and modalities of utilization of funds contributed to it.

G. Collaboration for CSR activities:

1. At the recommendation of CSR committee, the Board may collaborate with other companies for conducting its CSR activities
2. The CSR Activities under collaboration shall be in compliance with the applicable laws

3. CSR committee shall have powers to coordinate and exchange information with CSR committees of other companies
4. Modalities of the collaboration may be specified by the companies involved- collectively

H. The procedure for implementing CSR activities:

1. At the beginning of every financial year, the CSR committee shall prepare and submit to the board – an Annual CSR Plan which shall indicate the proposed CSR spending and CSR activities during the financial year
2. Annual CSR plan shall also indicate the proposed contribution to CSR Agency (where engaged) and the activities proposed to be conducted by it
3. Upon approval of the board, the delegated personnel of the company (and CSR agency if appointed) shall carry out the CSR activity
4. For the purpose of monitoring CSR activities, all the members of CSR committee shall have power to call for information, documents...etc from the personnel of the company pertaining to CSR activity
5. Along with CSR plan, the CSR committee may also submit its observations and recommendations on the CSR activities conducted during preceding financial year. The board may take necessary action based on such observations and recommendations

For Davangere Sugar Company Ltd

Managing Director