



HARSHNI TEXTILES PRIVATE LIMITED
CIN:U17111TZ2003PTC010786

CORPORATE SOCIAL RESPONSIBILITY POLICY

INTRODUCTION

Corporate Social Responsibility (CSR) is a form of corporate self-regulation integrated into a business model. CSR policy functions focus on self-regulating mechanism whereby a business monitors and ensures its active compliance with the spirit of the law, ethical standards, and international norms. In some models, implementation of CSR goes beyond the compliance and engages in actions that appear to further some social good, beyond the interests of the company. CSR is a process with the aim to increase responsibility for the company's actions and encourage a positive impact through its activities on the environment, education, healthcare, drinking water, infrastructure development, promoting sports, etc. A more common approach to CSR is monetary donations and aid given to local and non-local non-profit organizations and communities, including donations in areas such as the arts, education, housing, health, social welfare and the environment, among others, but excluding political contributions and commercial sponsorship of events. Harshni Textiles Private Limited believes that the corporate success and social welfare are interdependent.

With due respect to the society at large, every business decisions of Harshni Textiles Private Limited are taken not only considering the interest of its stakeholders but also the society at large. This corporate social responsibility is also seriously reflected across the company and its group as an employer, manufacturer, investor and a consumer. The Government of India has also vide section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 has brought out guidelines for Corporate Social Responsibility for the due compliance by certain class of companies.

Accordingly, Harshni Textiles Private Limited is also covered under the section 135 which states that the company has to frame CSR policy for spending 2 % of the average net profits of the immediately preceding three financial years on the CSR Activities, geographical areas wherein the activities are proposed to be carried out, allocation of funds for various activities, procedures for obtaining the sanctions, monitoring mechanism for such expenditures from the Board etc.

DEFINITIONS

Act means Companies Act, 2013, as amended and modified from time to time

Rules means Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time

Board means Board of Directors of the Company

Net profit means the net profit of such company as per profit and loss account prepared in terms of section 198 of the Companies Act 2013.

CSR expenditure means any amount spend by the Company within the territory of India, in any financial year for the projects / programmes / activities covered under items listed in Schedule VII of the Act.

SCOPE

The scope of the CSR policy is to lay down the guiding principles to enable the CSR Committee and the Board of Directors to determine the amount of money to be allocated for the CSR Expenditure in any financial year, the projects/ programmes/ activities for which the amount has to be spent, allocation of funds among various CSR expenditures, the geographical areas where the CSR activities are to be undertaken, priority for certain CSR activities over other CSR activities, timings of the expenditure, periodicity of reporting etc.

CSR ACTIVITIES TO BE COVERED

CSR activity to be undertaken shall be one or more of the projects / programmes /activities specified under the Schedule VII of the Act or notified by the appropriate authority from time to time.

The Board of Directors is at liberty to identify the projects / programmes / activities based on the needs of the society. The Administration Department / Public Relations Department / Unit Heads of the Company may submit to the Board of Directors the nature of CSR activities to be pursued from time to time based on the requirements of the area in which the factories / establishments of the Company are situated.

PERMITTED CSR ACTIVITIES

(i) Eradicating hunger, poverty and malnutrition, promoting health care including preventinve health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.

(ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.

(iii) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other

facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.

(iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.

(v) *protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts;*

(vi) measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows;

(vii) training to promote rural sports, nationally recognised sports, paralympic sports and olympic sports.

(viii) contribution to the prime minister's national relief fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;

(ix) (a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and

(b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).

(x) rural development projects

(xi) slum area development.

Explanation.- For the purposes of this item, the term `slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.

(xii) disaster management, including relief, rehabilitation and reconstruction activities.

(xiii) Any other activity as may be specified in Schedule VII of the Act from time to time.

GEOGRAPHICAL AREA

M/s. Harshni Textiles Private Limited may undertake CSR activities anywhere in India, however preference may be accorded for the geographical locations (district, city / town or village) where the Company's operations are located.

AMOUNT TO BE SPENT

During every financial year the Board shall arrange to spend for the specified CSR activities, an amount which is not less than 2% of the average net profits of the immediately preceding three financial years. However, if in any financial year, for any reason, the company is unable to spend an amount as stated above, the Company shall provide suitable explanation stating the reasons therefor to the Board of Directors and the Board shall include the same in the Directors' Report of the Company. Further, the Company shall transfer such unspent amount (unless the unspent amount relates to an ongoing project) pertaining to that financial year to a fund as specified in Schedule VII of the Act within the period as specified in the Act.

Any amount which is remaining unspent pursuant to any ongoing project, undertaken by a company in pursuance of this Policy, shall be transferred by the company within a period of thirty days from the end of the financial year to a special account to be opened by the company in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account, and such amount shall be spent by the company in pursuance of its obligation under this Policy within a period of three financial years from the date of such transfer, failing which, the company shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year.

Further, any surplus arising out of the CSR activities shall not form part of the business profit of a company and shall be ploughed back into the same project or shall be transferred to the unspent CSR Account and spent in pursuance of this policy and annual action plan of the company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

CSR amount spend by the Company in excess of the statutory requirement may be set off against the requirements to be spent in the immediate succeeding three financial years subject to the following conditions:

- a. The excess amount available for set off shall not include the surplus arising out of the CSR activities as mentioned above.
- b. The Board of Directors shall pass a resolution to this effect.

The CSR amount may be spent by a company for creation or acquisition of a capital asset which shall be held by

- a. A company established under Section 8 of the Act or a Registered Public Trust or Registered Public Society having charitable objects and “CSR Registration Number”
or
- b. Beneficiaries of the said CSR project in the form of self-help groups, collectives, entities or c. A public authority as defined under Rule 2(j) of Companies (Corporate Social Responsibility Policy) Rules, 2014.

CSR EXPENDITURE BUDGET

The management shall draw CSR expenditure Budget for every financial year. The budget shall provide details as required for annual action plan. The company shall allocate funds as per the Board’s approval.

METHOD OF CSR EXPENDITURE

The Company may undertake the CSR activities directly by itself or by contributing to the following Implementing Agencies as approved by the Board:

- (a) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961, established by the company, either singly or along with any other company, or
- (b) a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or
- (c) any entity established under an Act of Parliament or a State legislature; or
- (d) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

Where contributions are made to an implementing agency, the company shall ensure that the implementing agency has a valid “CSR Registration Number” and also shall obtain a Fund.

The company may also collaborate with other companies for undertaking projects or programmes of respective companies are able to report separately on such projects or programmes. For ongoing projects, extending beyond the financial year, the Board shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation.

MONITORING CSR ACTIVITIES

The Board reviews the progress on the CSR activities, and shall take steps to check whether the activities are progressing as per guidelines of the CSR policy and the statutory requirements and shall initiate corrective actions when there are any deviations.

The Chief Financial Officer shall certify to the Board that the funds disbursed for CSR have been utilised for the said purpose.

CSR REPORTING

The Company shall submit to the Board the details of projects/ Programmes/ activities undertaken periodically at reasonable intervals. The Board shall provide a report in the prescribed format on CSR activities of the Company in its Report to shareholders every year. The company shall also post on the Company’s website the contents of the CSR policy, Projects approved by the Board if any, and the report of the Board of Directors of the Company on the CSR activities in the prescribed format.

POLICY OPERATION AND REVIEW

The Managing Director of the Company is authorized to make minor modifications to this Policy which will remove ambiguities, enhance clarity on the provisions in relation to implementation of this policy, etc.

In case of any major changes to the Policy, the Board of Directors shall amend this policy, as may be required to be in line with the changes, amendments and modifications if any in the Companies Act, 2013 and the Rules made thereunder.

Further, in case of any amendment, clarification, circular, notification etc., issued by a competent authority, which is not consistent with the provisions laid down under this Policy, the provisions of such amendment, clarification, circular, notification, etc., shall prevail and this policy shall stand amended accordingly, without any further

action, on and from the date on which such amendment, clarification, circular, notification comes in to effect.

Further, the Board also reserves the right to amend the Policy as it may deem necessary.
