

NIRYAT SAM APPARELS INDIA LIMITED

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

1. CONTEXT

Niryat Sam Apparels India Limited (the Company) has recognized the need for responsible and social behaviour by corporate entities. The Company has recognized that integrating Good Environmental, Social & Governance (ESG) principles in business will enable it to achieve long-term success, competitiveness and sustainability.

The Corporate Social Responsibility (CSR) makes a prudent business sense as companies with effective CSR, have image of socially responsible companies, achieve sustainable growth in their operations in the long run and their products and services are preferred by the customers.

Pursuant to Section 135 of the Companies Act, 2013, and Companies (Corporate Social Responsibility Policy) Rules, 2014 every Company meeting the criteria as laid down shall constitute Corporate Social Responsibility Committee ('CSR Committee') and the CSR Committee shall formulate and recommend CSR Policy to the Board for its adoption. This document lays down company's Policy on CSR.

2. OBJECTIVES OF THE POLICY

The main objective of CSR policy is to make CSR a key business process for sustainable development of the society.

This CSR Policy has been framed in accordance with the applicable provisions of the Companies Act, 2013 ("Act") and the rules issued thereunder.

This Policy covers the proposed CSR activities to be undertaken by the Company and ensuring that they are in line with Schedule VII of the Act as amended from time to time. It covers the CSR activities which are being carried out in India only and includes strategy that defines plans for future CSR activities.

3. Definitions

In this Policy unless the context otherwise requires:

1. "**Board**" means the Board of Directors of the Company.
2. "**Company**" means Niryat Sam Apparels India Limited.
3. "**CSR Activities**" means such programs and projects as may be approved by the Board in terms of this CSR Policy.
4. "**CSR Committee**" means a committee constituted by the Board of Directors in terms of Section 135 of the Act and the CSR Rules.

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5. "**CSR Rules**" means the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time.
6. "**CSR Expenditure**" means the amount recommended by the CSR Committee to be incurred on the CSR Activities in India in terms of the Act and the CSR Rules as approved by the Board from time to time.
7. "**Director**" means a member of the Board of the Company.
8. "**Implementing Agency**" means an implementing agency as defined under paragraph 4 at S.No. 3.
9. "**Net Profits**" means the net profit of the Company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include (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.
10. "**Society**" means a society registered under the Societies Registration Act, 1860 or any other applicable law in India.
11. "**Trust**" means a public charitable trust registered under the Indian Trusts Act, 1882 or any other applicable law in India.

4. IMPLEMENTATION OF THE CSR POLICY

1. The Board shall be responsible for implementing the mandate of the CSR Policy and shall ensure that the CSR Activities are carried out in accordance with the CSR Policy read with the Act and CSR Rules and the annual action plan formulated and recommended by the CSR Committee.
2. The CSR Committee will recommend CSR activities to be undertaken by the company and the Board of Directors of the Company further approve/modify such recommendations in their meeting.
3. Further, the CSR activities may be undertaken by the Company through implementing agency as further approved by the board.

Implementation agency may be amongst the following:

- (i) Company established under section 8 of Indian Companies Act 2013, or Trust, or Society registered under section 12-A and 80-G of the Income Tax Act 1961, being established by the Company, either singly or along

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with any other company;

- (ii) Company established under section 8 of Indian Companies Act 2013, or Trust, or Society, being established by (Indian) Central Government or (Indian) State Government;
 - (iii) Company established under section 8 of Indian Companies Act 2013, or Trust, or Society registered under section 12-A and 80-G of the (Indian) Income Tax Act 1961, and having an established track record of at least three years in undertaking similar CSR activities; or
 - (iv) Any entity established under an act of (Indian) Parliament or a (Indian) State Legislature.
4. The Company shall conduct due diligence prior to selection of an entity as its implementation agency, to inter alia verify the credentials and ensure that the proposed implementation agency is eligible and capable to be appointed as such.
 5. The Company may also collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or programmes in accordance with these rules.

The Company may collaborate with the group companies / affiliates in consultation with the CSR committee, to identify, conduct due diligence and contribute to CSR projects.

6. In case of failure to ensure the minimum CSR Expenditure i.e. 2% (two percent) of average Net Profits of the Company made during the three immediately preceding financial years, the unspent amount shall be treated as follows:
 - Unspent amount relating to an ongoing project will be transferred to Unspent CSR Account within 30 days from the end of the FY and used within immediate succeeding 3 FYs.
 - Amount transferred to Unspent CSR Account remaining unspent at the end of immediate succeeding 3 FYs to be transferred to Government funds notified in Schedule VII within 30 days from the date of completion of 3rd Financial Year.
 - Unspent amount not relating to ongoing projects to be transferred to Government funds notified in Schedule VII within a period of six months from the expiry of the Financial Year.

5. CSR COMMITTEE

1. The CSR Committee shall be responsible for providing recommendations to the

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Board with respect to CSR Activities that may be undertaken by the Company in accordance with the CSR Policy as well as the Act and the CSR Rules.

2. Without prejudice to the generality of the foregoing, the CSR Committee shall be responsible for the following activities:
 - (i) Formulating and recommending CSR activities to the board of directors;
 - (ii) Recommend CSR budget for expenditure;
 - (iii) Monitor CSR policy of the company; and
 - (iv) Formulate annual action plan in pursuance of the CSR policy in accordance with the applicable law, and inclusive of the following items:
 - the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
 - the manner of execution of such projects or programmes;
 - the modalities of utilisation of funds and implementation schedules for the projects or programmes;
 - monitoring and reporting mechanism for the projects or programmes; and
3. The CSR Committee shall consist of at least three directors of the Company. The number of members of the CSR Committee and their powers and functions can be specified, varied, altered or modified from time to time by the Board, subject to the provisions of the applicable law.
4. The CSR Committee shall hold meetings which shall be attended by minimum of two members of the Committee. The meetings shall be held at the registered office or at any other place as may be agreed by the members of the Committee.
5. All questions of interpretation or discrepancies which shall arise under, or as a result of, or pursuant to, or in connection with the implementation of the CSR Policy or any initiative or activities undertaken by the Company in terms of the CSR Policy, shall be referred to the CSR Committee for their inputs and the final decision/determination/ interpretation shall rest with the Board.

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6. CSR EXPENDITURE

- a. The Company shall spend at least 2% (two percent) of average Net Profits of the Company made during the three immediately preceding financial years in accordance with the Act and the Rules and the CSR Policy.
- b. The CSR Committee shall recommend the manner in which the CSR Expenditure shall be incurred in a year, in accordance with the Act and the Rules and the CSR Policy.
- c. The Board shall be responsible for sanctioning the CSR Expenditure and along with the CSR Committee responsible for taking steps to meet the objectives of CSR policy.
- d. Any surplus arising out of the CSR Activities shall not form part of the business profit of the Company and may only be re-allocated to the CSR Activities being undertaken in terms of this CSR Policy.
- e. In order to count towards CSR Expenditure, CSR Activities must be undertaken in compliance with the applicable laws and shall not include the following:
 - activities undertaken in pursuance of normal course of business of the company
 - any activity undertaken by the company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;
 - contribution of any amount directly or indirectly to any political party under Section 182 of the Act;
 - activities benefitting employees of the company as defined in clause (k) of Section 2 of the Code on Wages, 2019 (29 of 2019);
 - activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services; and
 - Activities carried out for fulfilment of any other statutory obligations under any law in force in India.
- f. The Board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the Company for the financial year.

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7. CSR ACTIVITIES

- a. The Board shall ensure that the CSR Activities that are undertaken by the Company should be within the scope of Schedule VII of the Companies Act, 2013.
- b. The CSR Activities will be carried out in a manner that the preference is to undertake the CSR Activities in and around the local areas where the Company operates.
- c. Based on the scope of activities set out in paragraph 7(a) above, the CSR Committee shall provide recommendations to the Board with respect to specific CSR Activities that may be undertaken by the Company.
- d. The Board shall ensure that appropriate designated staff or personnel provide adequate assistance (viz. data collection, survey, quotations and costs involved etc.) to the CSR Committee to enable it to make necessary recommendations to the Board. For this purpose, the CSR Committee may also approach external consultants for necessary assistance as it may deem fit at such costs as may be approved by the Board.
- e. The details of any CSR Activities to be undertaken by the Company may be presented to the Board by the CSR Committee along with its recommendations:
- f. In case any of the CSR Activities to be undertaken are anticipated to be long term i.e. an ongoing project being of a term of 3 (three) years excluding the financial year in which it was commenced, then a detailed estimate on implementation schedule or milestones should be submitted by the CSR Committee to the Board.
- g. Based on the recommendations of the CSR Committee, the Board shall approve the CSR activities of the Company for a given financial year.

8. MONITORING PROCESS

The board may ask the CSR committee for the report on CSR expenditures with respect to amount incurred by the company as a contribution towards Corporate Social Responsibility in pursuance of the activities specified in Schedule VII of the Companies Act, 2013.

9. REPORTING AND RECORD KEEPING

- a. The CSR Committee shall maintain proper minutes of all its meetings.
- b. The Board's report of the Company shall include an annual report on CSR containing the particulars set out in Annexure II to this CSR Policy and such other details as may be prescribed from time to time under the Act and the CSR Rules.

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- c. In respect of the reporting, the Board will be responsible to ensure that:
- The report of the Board includes the annual report on CSR Activities of the Company and sets out the requisite information in terms of the Act and the Rules;
 - The contents of the latest and updated version of the CSR Policy are included in the report of the Board;
 - The contents of the CSR Policy along with composition of the CSR committee, and projects approved by the Board are also made available on the website (if any) of the Company.
 - In case of failure to ensure the minimum CSR Expenditure, detailed reasons for the same are adequately disclosed in the Board Report.

10. AMENDMENT

The Board of the Company may, subject to compliance with applicable law, at any time alter, amend or modify the CSR Policy as it deems fit to comply with the statutory obligation of the Company to undertake the CSR Activities.