

# **SOMA TEXTILES & INDUSTRIES LIMITED**

## **POLICY FOR CORPORATE SOCIAL RESPONSIBILITY**

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## **I. SHORT TITLE:**

This policy in relation to the Corporate Social Responsibility (“CSR”) of Soma Textiles & Industries Limited is titled as the “CSR Policy” and shall include any alterations, amendments or modifications hereto from time to time.

## **II. VISION STATEMENT, OBJECTIVE AND APPLICABILITY**

1. The CSR Policy sets out our commitment to ensuring that our activities extend beyond business and include initiatives and endeavors for the benefit and development of the community and society. The CSR Policy lays down the guidelines for undertaking programs geared towards social welfare activities or initiatives. Through this CSR Policy, the Company proposes to adopt short, medium and long term CSR programs and initiatives.
2. This CSR Policy has been framed in accordance with the applicable provisions of the Companies Act, 2013 (“Act”) and the rules issued thereunder.
3. Notwithstanding anything to the contrary contained in this CSR Policy but subject to applicable law, in the event that the Company fails to meet the thresholds set out under Section 135(1) of the Act for three consecutive financial years, it shall not be required to:
  - i. Constitute/maintain the CSR Committee; and
  - ii. Comply with the provisions of this CSR Policy

Till such time as it again meets the criteria specified in Section 135(1) of the Companies Act, 2013.

## **III. DEFINITION AND INTERPRETATION**

1. **“Board”** means the Board of Directors of the Company.
2. **“Company”** means Soma Textiles & Industries 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.

5. **“CSR Rules”** means the Companies (Corporate Social Responsibility Policy) Rules, 2014.
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 IV (3).
9. **“Implementation Group”** means an implementation group as defined under paragraph IV (2).
10. **“Net Profits”** means the net profit of the Company as per its financial statement prepared in accordance with the applicable provisions of the Companies Act, 2013 (along with the provisions of the Companies Act, 1956, if then applicable), 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 2 dividend received from other companies in India, which are covered under and complying with the provisions of Section 135 of the Act.
11. **“Society”** means a society registered under the Societies Registration Act, 1860 or any other applicable law in India.
12. **“Trust”** means a trust registered under the Indian Trusts Act, 1882 or any other applicable law in India.

#### **IV. 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.
2. The Board shall constitute an implementation group for the purposes of implementation of the CSR Activities approved by the Board from time to time (the **“Implementation Group”**) and submitting report of the progress on the CSR Activities to the Board as well as the CSR Committee.

3. **Mode of Implementation:** The CSR Activities may be undertaken by the Company directly through the Implementation Group or with the prior approval of the Board,:
- i. Through a Trust, or a Society or a company established by the Company or its holding or subsidiary or associate company under Section 8 of the Companies Act, 2013 or otherwise; and/ or
  - ii. Through a Trust, or a Society or a company established under section 8 of the Companies Act, 2013 with an established track record of three years in undertaking similar programs or projects; and/ or
  - iii. In collaboration with other companies or NGOs
  - iv. In collaboration with any Industry Body coordinating such activities
  - v. Direct contribution / implementation of any project approved by CSR committee/Board
  - vi. Contribution to PM Relief Fund or any other fund as may be notified by Govt.
  - vii. Voluntary work undertaken by its employees and logged on to Global Volunteer Month web site or monitored in any other way by the company.
- (The entities referred to under sub-clause (i) and (ii) above, are hereinafter referred to as **“Implementing Agencies”**).
4. The Board shall empower the Implementation Group to finalize, approve and execute various agreements, deeds, writings, confirmations, undertakings or other documents, as may be necessary, under the Common Seal of the Company or otherwise, with any party including Implementing Agencies and/or others for the purposes of the CSR Policy and accept modifications, changes and amendments to any such documents/ agreements as it may deem fit.
5. In case of failure to ensure the minimum CSR Expenditure, details reasons for the same should be submitted by the Implementation Group to the Board, who shall include the same in their report.

## **V. CSR COMMITTEE:**

### **1. PURPOSE:**

The Corporate Social Responsibility (CSR) Committee of the Company will be formed by the Board of Directors of the Company to assist the Board in carrying out its responsibilities as per the CSR Policy of the Company.

### **2. COMPOSITION OF THE CSR COMMITTEE:**

The CSR Committee shall comprise of two (2) or more directors as the Board may deem fit from time to time, to be appointed from amongst the Directors. The Board shall at its sole discretion, have the power to appoint any Director, remove any such Director so appointed and appoint another in his place. Any such appointment and/or removal shall be made by a resolution of the Board.

- a. The Chairperson of the Committee shall be designated by the Board from among the Committee members.
- b. The Company Secretary of the Company shall act as Secretary to the Committee.
- c. The Board will have the power to reconstitute CSR Committee as and when required from time to time.

### **3. MEETINGS:**

The CSR committee may meet as and when required. The CSR Committee shall be entitled to invite any person to attend its meetings and participate in the discussion and deliberations if it so thinks fit.

### **4. QUORUM:**

The quorum necessary for the transaction of business of CSR Committee shall be 2 members or 1/3rd of the total Committee members, whichever is higher. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee as provided herein and delegated by the Board from time to time.

### **5. ROLES:**

The CSR Committee shall ensure the following:

- a. formulation of CSR policy in accordance with section 135 of Act read with CSR Rules, and recommend the same to the Board for approval and adoption.
- b. formulate and recommend to the Board, an annual action plan in pursuance of CSR policy, which shall include the following, namely:-

- i. the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
- ii. the manner of execution of such projects or programmes;
- iii. the modalities of utilisation of funds and implementation schedules for the projects or programmes;
- iv. monitoring and reporting mechanism for the projects or programmes; and
- v. details of need and impact assessment, if any, for the projects undertaken by the company:

Provided that Board may alter such plan at any time during the financial year, as per the recommendation of CSR Committee, based on the reasonable justification to that effect.

- c. The CSR Committee shall identify the CSR activities along with the geographical area to be undertaken by the Company based on the detailed study & research. The study encompasses various parameters such as - health indicators, literacy levels, sustainable livelihood processes, and population data - below the poverty line and above the poverty line, state of infrastructure, environment, among others.
- d. The Board shall review the proposal of the CSR Committee and if deems fit may approve the recommendation of the Committee with any modification that may be deemed necessary.
- e. On determination of the modalities, every year the CSR Committee shall present a detailed proposal before the Board containing:
  - i. List of CSR activities to be under taken.
  - ii. Geographical areas wherein such CSR activities are to be undertaken.
  - iii. Defined objectives (developed out of existing societal needs determined through baselines / studies / research).
  - iv. Defined expected timelines, outcomes, outputs and inputs.
  - v. Budget.
  - vi. Implementation source, either directly or through some trust, society, company or otherwise.
  - vii. Monitoring system.
- f. Recommendation to the Board for modification(s) to the CSR policy as and when required.
- g. Establish a transparent monitoring mechanism for implementation of the CSR activities undertaken by the Company.
- h. Perform all functions as may be delegated by the Board from time to time.

**VI. CSR EXPENDITURE:**

1. For every financial year, minimum CSR spending of the Company shall be as per the provisions of section 135 of the Act read with CSR Rules including all modifications and amendment thereof.
2. The Board shall ensure that the administrative overheads shall not exceed 5% of total CSR expenditure of the Company for the financial year.
3. 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 CSR policy and annual action plan of the Company or transfer such surplus amount to a Fund specified in Schedule VII of the Act, within a period of six months of the expiry of the financial year.
4. Where a Company spends an amount in excess of requirement, such excess amount may be set off against the requirement to spend under sub-section (5) of section 135 up to immediate succeeding three financial years subject to the conditions that:-
  - a. the excess amount available for set off shall not include the surplus arising out of the CSR activities.
  - b. the Board of the company shall pass a resolution to that effect.
5. The CSR amount may be spent by a Company for creation or acquisition of a capital asset, which shall be held by:-
  - a. Company established under section 8 of the Act, or a Registered Public Trust or Registered 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

**VII. CSR ACTIVITIES:**

1. The Board shall ensure that the Company undertakes CSR activities within the scope of Schedule VII of the Companies Act, including:
  - a. Eradicating hunger, poverty, malnutrition; promoting healthcare, sanitation, and safe drinking water.
  - b. Promoting education, vocational skills, and livelihood enhancement.

- c. Promoting gender equality; supporting women, children, senior citizens, and socially/economically disadvantaged groups.
  - d. Environmental sustainability, ecological balance, conservation of natural resources, and animal welfare.
  - e. Protection of national heritage, art, culture, and traditional handicrafts.
  - f. Welfare measures for armed forces veterans and their dependents.
  - g. Promotion of rural, national, Paralympic, and Olympic sports.
  - h. Contributions to government relief and welfare funds.
  - i. Support to approved technology incubators.
  - j. Rural development projects.
  - k. Any other activities permitted under applicable CSR laws and rules.
2. Preference shall be given to undertaking CSR activities in and around the local areas where the Company operates.
3. The CSR Committee shall identify and recommend specific CSR activities to the Board.
4. The Company shall provide necessary support, data, and assistance to the CSR Committee. The Committee may engage external consultants with Board approval, if required.
5. The CSR Committee shall submit recommendations to the Board containing:
  - a. Objectives and expected outcomes;
  - b. Nature and sector of the activity;
  - c. Project location/focus area;
  - d. Proposed budget;
  - e. Implementation timeline;
  - f. Mode of implementation (directly, through implementing agencies, or in collaboration); and
  - g. Any other relevant details.
6. For long-term CSR projects, the CSR Committee shall provide implementation schedules and milestones to the Board.

7. Based on the CSR Committee's recommendations, the Board shall approve:
  - a. Specific CSR activities/projects;
  - b. Budget allocation; and
  - c. Mode of implementation, including collaboration or engagement of implementing agencies, with reasons recorded where necessary.

#### **VIII. MONITORING PROCESS:**

1. The Implementation Group shall submit an annual report on the utilisation of funds allocated towards CSR activities to the Board and the CSR Committee, in such manner as directed by the Board.
2. Where CSR activities are undertaken through an Implementing Agency, the Implementation Group shall obtain relevant progress details from the agency and submit annual progress reports to the Board and the CSR Committee.
3. The CSR Committee may review such reports and provide recommendations or inputs to the Board, as deemed necessary.
4. The Board shall not be bound to accept or implement the recommendations of the CSR Committee.

#### **IX. IMPLEMENTATION & REPORTING:**

1. The CSR Committee, for the proper implementation of CSR activities may form CSR Action Team and will assign the task of implementation of the CSR plan within specified budgets and timeframes to such persons or bodies as it may deem fit. The CSR Action Team shall review the implementation of the CSR activities and issue necessary directions from time to time to ensure orderly and efficient execution of the CSR activities in accordance with this Policy. The CSR Action Team will provide a periodical status update to the CSR Committee on the progress of implementation of the approved CSR Programmes carried out. It shall be the responsibility of the CSR Committee to review such reports and keep the Board apprised of the status of implementation of the same.
2. On completion of the CSR activities, the Chairman of the CSR Committee shall provide a detailed report to the Board including but not limited to activities done, amount spent, benefits, time consumed, type of beneficiary communities, implementation channel etc.
3. The CSR Committee for the effective implementation of CSR Policy shall promote CSR activities as approved by the Board by offering opportunities to employees to participate in wide array of CSR activities.

**X. AMENDMENT:**

The Board of Directors may, based on its assessment of the Company's needs, financial soundness, legal and regulatory developments, subject to compliance with the applicable laws and rules, at any time modify, change, vary, alter, amend, this CSR Policy.