

RSWM LIMITED

Corporate Social Responsibility Policy

“Corporate Social Responsibility (CSR)” means the activities undertaken by a Company in pursuance of its statutory obligation laid down in Section 135 of the Companies Act, 2013 and rules made thereunder.

Definitions

Administrative Overheads” means the expenses incurred by the Company for ‘general management and administration’ of Corporate Social Responsibility functions in the Company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme;

“CSR Committee” means the Corporate Social Responsibility Committee of the Board referred to in Section 135 of the Act.

“Ongoing Project” means a multi-year project undertaken by a Company in fulfilment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced, and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the board based on reasonable justification.

“Net Profit” means the net profit of a company as per its financial statement 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: Provided that in case of a foreign company covered under these rules, net profit means the net profit of such company as per profit and loss account prepared in terms of clause (a) of sub-section (1) of Section 381, read with section 198 of the Act.

Words and expressions used and not defined in these rules but defined in the Act shall have the same meanings respectively assigned to them in the Act.

The CSR Policy of RSWM is formulated in accordance with the provisions of Section 135 of the Companies Act, 2013 and rules made thereunder and other applicable laws to the Company.

Philosophy:

The Company was started in 1961 in Bhilwara, Rajasthan, with a key objective of generating economic activities in the backward areas. In line with the intent, the company has been integral

part of the economic growth in the region through development of Bhilwara as Textile Hub on India with more than 300 textile based units in operation at present; generating direct and indirect employment; providing impetus to the growth in related and unrelated business activities; raising of socio-economic status of the citizens and; supporting activities leading to environmental sustenance.

On similar pattern, in late 1980s and early 1990s the Company took up another initiative to develop backward and tribal region of Banswara in Rajasthan, which has since then become the largest investment for the Company, as well as the LNJ Bhilwara Group, in one geographical unit.

The Company has created and sustained value systems for itself and its stakeholders, which have been sustained and nurtured with time and economic phases. This has resulted in creation of positive and fulfilling associations of the Company with all its stakeholders.

Since inception, the Company has viewed CSR activities as an integral part of its corporate objectives, fully aligned with the overall business goals. The Company has been associated with active participation in creating value to its different stakeholders through various social, cultural and economic developments projects in the region.

The Company has established and is running two schools at Gulabpura and Rishabhdev in Rajasthan through an educational society and is providing active support to a few other schools in the region. The Company has well-equipped health centers with staff and 24X7 ambulances in its manufacturing units for the benefit of local stakeholders including employees and regularly organizes health checkup, immunization and blood donation camps. The Company actively participates in socio-economic developmental activities in the region for the welfare of under privileged and downtrodden members of the society. The Company is actively associated with initiatives for women and aged citizens. The Company ensures that its manufacturing campus are environment friendly and takes up initiatives regularly for environment sustenance in areas in geographical vicinity of its manufacturing units.

Statement of Intent

The Company intends to continue its CSR activities in District of Ajmer, Bhilwara, Banswara, Jaipur, Sikar and Udaipur in the state of Rajasthan. Since as a part of regular corporate structure, it is becoming increasingly difficult to manage these projects, the Company intends to consolidate its CSR initiatives under a Foundation, whose primary objective would be to identify, develop, implement and monitor these CSR initiatives. This Foundation would have independent existence and structure in order to bring objectivity to the impact of the initiatives/projects to the desired targeted audience.

Our CSR Policy

The Company's policy is:

- To develop a foundation, which shall take up all the CSR initiatives being carried out by the Company. This Foundation will also take up specific CSR projects with defined objectives, budget and timelines for delivery.

- To develop and institutionalize mechanisms and systems for identification, implementation and monitoring of CSR initiatives/projects.
- To implement CSR initiatives/projects in the geographical vicinity of the manufacturing units
- To implement CSR initiatives/projects preferably in the economic vicinity of its business operations.
- To create and develop sustainable models of socio-economic development with active inputs and participation of the target audience. These models should become self-sustainable in terms of implementation and financial support over a period of time.
- To collaborate with Government bodies/agencies and other NGOs for selected developmental initiatives/projects in the region.
- To collaborate with local communities and concerned institutions for implementation of developmental initiatives/projects
- To seek voluntary contributions from its manpower assets for participation in the implementation of these initiatives/projects
- To ensure that these initiatives and developmental projects are in line with the statutory guidelines provided by Government and statutory agencies on Environmental, Health and Safety.

Role/Responsibilities of the Board

- The Board shall specify in its Report the reasons for not spending the amount if the Company fails to spend such amount.
- The Board may extend a non-ongoing project beyond one year based on reasonable justification.
- In case of ongoing project, the Board of a Company shall monitor the implementation of the project with reference to the approved timelines and year wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.
- The Board of the Company shall satisfy itself that the funds so disbursed have been utilized for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.
- In case of ongoing project, the Board of the Company shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.
- The Board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the Company for the financial year.
- Where the Company spends an amount in excess of requirement, such excess amount may be set off by the Board against the requirement to spend up to immediate succeeding three financial years subject to the conditions that
 - (i) the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any
 - (ii) the Board of the Company shall pass a resolution to that effect.
- A company may engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as well as for capacity building of their own personnel for CSR

Constitution of Corporate Social Responsibility Committee and its Functions

The Board of Directors of the Company had constituted the Corporate Social Responsibility Committee (hereinafter referred to as the 'CSR Committee') in line with provisions of section 135 of the Companies Act, 2013 and rules made thereunder. The Composition of the Committee is as under:-

| S. No. | Name of Director/Member | Designation/Category |
|---------------|--------------------------------|------------------------------------|
| 1. | Shri Arun Churiwal | Chairman, Non Independent Director |
| 2. | Shri Rajeev Gupta | Member, Executive Director |
| 3. | Shri Sunil Dharamvir Dhawan | Member, Independent Director |

The Corporate Social Responsibility Committee shall function as under:

- I. Formulate and recommend to the Board, the Corporate Social Responsibility policy and the activities to be undertaken by the Company as specified in Schedule VII to the Companies Act, 2013.
- II. Recommend the amount of expenditure to be incurred on the activities undertaken by the Company.
- III. To formulate and recommend to the Board an annual action plan in pursuance of CSR Policy covering the following aspects:-
 - the list of approved CSR projects or programs to be undertaken in areas or subjects specified in Schedule VII to the Act;
 - the manner of execution of such projects or programs as specified in rule 4(1) of CSR Rules;
 - the modalities of utilisation of funds and implementation schedules for the projects or programs;
 - monitoring and reporting mechanism for the projects or programs; and
 - details of need and impact assessment, if any, for the projects undertaken by the company;
- IV. Monitor the Corporate Social Responsibility policy from time to time.
- V. Recommend changes to the Board, if any, needed in the annual action plan with reasonable justification to that effect
- VI. Carry out such other functions as are required or appropriate in discharging their duties.

The Committee is not only responsible for the philanthropy activities carried out by the Company but also ensure that the same is properly undertaken within the set time frame. Further, while considering the benefit of the shareholders, the Committee also considers the social and environment responsibilities to fulfill the expectations of the society at large.

Annual Action Plan

The CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of CSR Policy of the Company covering the aspects as mentioned above. The Board of Directors are empowered to alter the annual action plan during the financial year, if so, recommended by the CSR Committee, based on a reasonable justification for such change.

Capital Assets

The CSR amount may be spent by the 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 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.

Information Dissemination

CSR Policy and the Projects approved, if any, shall be disseminated on the website of the Company for public access and shall be published in the Annual Report of the Company in the format prescribed under the Act and CSR Rules.

Need of Impact Assessment

The Company shall undertake CSR activities in the interest of the society and the local population, preferably, where the Company operates. In terms of the CSR Rules, the Company shall undertake Impact Assessment, if required, through an independent agency, of its CSR projects having outlays of Rs. 1 (one) crore or more, and which have been completed not less than one year before undertaking the impact study. The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR. The Company undertaking impact assessment may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed five percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is less.

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.

Any notification/ circular or other statutory guideline(s)/ regulation(s) on the subject, that has the effect of amending any of the provisions quoted or referred to in this Policy, shall automatically have the effect of amending this Policy without the need of any further approval by the Board of Directors.