

# **S.P.APPAERLS LIMITED**

## **CORPORATE SOCIAL RESPONSIBILITY POLICY**

### **Preamble:**

The Board of Directors (the "Board") of S.P.Apparels Limited (the "Company") has adopted the following policy and procedures with regard to Corporate Social Responsibility as below. The Board may review and amend this policy from time to time. This Policy is in terms of Section 135 of the Companies Act 2013.

### **Philosophy of Corporate Social Responsibility (CSR) Policy**

We as a responsible, ethical and society conscious establishment has located many of our units in rural pockets to facilitate nurturing of men and women from villages. Now it becomes an opportunity to enhance our involvement and adding of improvements in the life of rural masses in and around our factory locations. We have longing desires to provide continuous job opportunities to the needy so that migration is reduced to the possible extent for livelihood. Our philosophy is to provide good education facility besides offering employment and skills development for employees who would in turn contribute to the welfare of neighbourhood in one way or other. We help the needy in providing opportunities for growth and build capabilities for their development.

### **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. The CSR committee shall formulate and recommend to the Board of Directors, an annual action plan in pursuance of this policy, which shall include the following, namely;

- (a) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
- (b) the manner of execution of the projects or programmes as specified in sub-rule (1) of rule 4;
- (c) the modalities of utilisation of funds and implementation schedules for the projects or programmes;
- (d) monitoring and reporting mechanism for the projects or programmes; and
- (e) details of need and impact assessment, if any, for the projects undertaken by the company.

The CSR committee 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 Chairman of the CSR Committee 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.

### **Geographical Area**

The Company will undertake CSR activities anywhere in India and abroad as allowed under the Act; however preference may be accorded for the geographical locations (district, city / town or village) where the Company's operations are being carried out.

## **Amount To Be Spent**

During every financial year the CSR Committee 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 a period of six months of the expiry of the financial year.

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.

Subject to the provisions of the Rules, excess CSR amount spend by the Company in excess of the statutory requirement may be set off against the requirements to spend up to 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

## **Identification of projects for the CSR Policy**

We have had CSR projects of contributing to orphanage for the disabled, children education trust and religious organizations. By distribution of education materials, the Company has helped the students of the schools in the nearby locations.

The Company has made contributions to promote green energy in rural areas besides involved in CSR activities in improving community welfare, environmental protection and road safety measures.

Now to coincide with the statutory requirement of the corporate social responsibility, the Company would continue to get involved and also to take up *inter-alia* the following **CSR activities**.

1. Providing of assistance in the promotional activities of education, enhancing of skills to younger generation in their employment which would improve their life styles.
2. Implementing projects or programmes for environmental sustainability, protection of plantations and horticulture, conserving of natural resources, planting of trees, development of agro forestry etc.
3. Pursuing of rural development projects in and around the factories' locations directly or jointly with organizations which are involved in such projects, programmes or activities.
4. Collaborating with other companies for undertaking CSR activities, projects or programmes in such manner that if the CSR Committee is in a position to report separately on such projects or programmes.
5. Such other programmes, projects or activities which are within the policy frame work as specified in Schedule VII to the Companies Act, 2013.

The above CSR activities do not include the activities undertaken in pursuance of normal course of business of the Company.

### **Implementation process**

To pursue the aforesaid CSR Programmes primarily in areas that fall within the economic vicinity of the Company's operations to enable close supervision and ensure maximum development impact, the Company would adhere to the guidance and directions of the CSR Committee headed by Mr.P.Sundararajan, Chairman of the Committee.

The CSR Committee if desired, may form a registered Trust for implementation of the CSR projects and programmes and this Trust can receive the funds from the Company for utilization of the same on such projects and programmes and for monitoring and reporting mechanism.

### **Governance**

1. The CSR Committee/ the Trust (if formed for the purpose) will place for the Board's approval delineating CSR Programmes to be carried out during every financial year and the specified budgets thereof. The Board will consider and approve the CSR Plan with any modification that may be deemed necessary.
2. The CSR Committee 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.
3. The persons/bodies to which the implementation is assigned will carry out such CSR Programmes as determined by the CSR Committee within the specified budgets and timeframes and report back to the Committee on the progress thereon at such frequency as the Committee may direct.
4. Where contributions are made to an implementing agencies, the company shall ensure that the implementing agency has a valid "CSR Registration Number" and also shall obtain a Fund.

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 able to report separately on such projects or programmes.
6. Utilization Certificate duly certified by an independent Chartered Accountant and submitted to the CSR Committee, as required.
7. 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.
8. The CSR Committee shall review the implementation of the CSR Programmes once a quarter and issue necessary directions from time to time to ensure orderly and efficient execution of the CSR Programmes in accordance with this Policy.
9. Once every six months the CSR Committee will provide a status update to the Board on the progress of implementation of the approved CSR Programmes carried out during the previous six months period. It shall be the responsibility of the Committee to review such reports and keep the Board apprised of the status of implementation of the same.
10. At the end of every financial year, the CSR Committee will submit its report to the Board.

### **CSR Expenditure**

CSR expenditure will include all expenditure, direct and indirect, incurred by the Company on CSR Programmes undertaken in accordance with the approved CSR Plans. Any surplus arising from any CSR Programmes shall be used for CSR programmes. Accordingly, any income arising from CSR Programmes will be netted off from the CSR expenditure and such net amount will be reported as CSR expenditure.

A CSR expenditure budget (budget) for every financial year shall be prepared and submitted to the CSR committee for recommendation. The budget shall provide details as required for annual action plan. The CSR Committee after deliberations may recommend with or without modification to the Board of Directors for approval at its first meeting to be held in each financial year. Then the company shall allocate funds as per the Board's approval.

### **CSR Reporting**

The Board's report pertaining to a financial year would include an annual report on CSR containing the particulars as specified in the Companies (Corporate Social Responsibility Policy) Rules, 2014.

This CSR Policy of the Company and the Board's report on the CSR activities shall be displayed on the Company's website from time to time.

### **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, on recommendation of the CSR Committee.

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 into effect.

Further, the Board also reserves the right to amend the Policy on the recommendation of the CSR Committee as it may deem necessary.

***(This policy has been amended by the Board of Directors at their meeting held on 13.02.2021 and the amended policy shall come into force with effect from 13.02.2021)***