



CSR Policy
of
TCNS Clothing Co.Limited
(Amended w.e.f. 1st April 2021)

Background

Corporate Social Responsibility is strongly connected with the principles of Sustainability; an organization should make decisions based not only on financial factors, but also on the social and environmental consequences. It is recognized that integrating social, environmental and ethical responsibilities into the governance of businesses ensures their long term success, competitiveness and sustainability.

The Government as well as regulators has framed various guidelines pertaining to responsibilities of business as well as the mandatory Corporate Social Responsibility provisions under the Companies Act, 2013 and Rules made thereunder.

This approach also reaffirms the view that businesses are an integral part of society, and have a critical and active role to play in the sustenance and improvement of healthy ecosystems, in fostering social inclusiveness and equity, and in upholding the essentials of ethical practices and good governance.

This policy encompasses the company's philosophy for giving back to society as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for the welfare & sustainable development of the community at large.

This policy shall apply to all CSR initiatives and activities taken up not only at the various work-centers and locations of the Company but also in any other parts of the country, for the benefit of the society.

Purpose of this Policy

- To lay down guidelines to make CSR a key business process for sustainable development of the society. Ensuring the implementation of CSR initiatives in letter and spirit through appropriate procedures and reporting.
- To directly/ indirectly undertake projects/ programs which will enhance the quality of life and economic well-being of the communities in and around our facilities across country and society at large.
- Establishing a guideline for compliance with the provisions of Regulations to dedicate a percentage of Company's profits for social projects.
- To generate goodwill and recognition among all stake holders of the company.

Definitions

1. ‘**Act**’ means the Companies Act, 2013;
2. ‘**Board**’ means the Board of Directors of TCNS Clothing Co. Limited;
3. ‘**Company**’ means TCNS Clothing Co. Limited;
4. ‘**Corporate Social Responsibility (CSR)**’ means the activities undertaken by a Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in these rules, but shall not include the following, namely:-
 - a) activities undertaken in pursuance of normal course of business of the company;
 - b) 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;
 - c) contribution of any amount directly or indirectly to any political party under section 182 of the Act;
 - d) activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);
 - e) activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services; and
 - f) activities carried out for fulfilment of any other statutory obligations under any law in force in India.
5. ‘**CSR Committee**’ means the committee constituted under the provisions of Section 135 of the Act;
6. ‘**Directors**’ shall mean the directors of the Company;
7. ‘**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.

8. “**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; and
9. “**Rules**” means the Companies (Corporate Social Responsibility Policy) Rules 2014, as amended from time to time.

The words and expressions used in this CSR Policy and not defined herein but defined in the Act shall have the meaning respectively assigned to them in the Act.

CSR Committee

The Board of Directors of the Company shall constitute a CSR Committee from time to time in compliance with statutory requirements. The CSR Committee shall comprise of a minimum of three directors, out of which at least one director shall be an independent director.

To achieve the objectives as stated above and in terms of Section 135 of the Act and Rules, the CSR Committee formed by the Board would perform the following functions:

- a) To formulate and recommend to the board, a CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act.
- b) To recommend the budget/ expenditure for CSR projects or programmes to be undertaken in a financial year.
- c) To monitor the implementation of the CSR policy and programme periodically.
- d) To formulate and recommend to the Board for its approval, an annual action plan every financial year detailing the entire process from execution to impact assessment, if any related to the CSR projects or programmes.
- e) Any other matter/thing as may be considered expedient by the members/Board in furtherance of and to comply with the CSR Policy of the Company and/or specified under the Act and the Rules.

Annual spends/ Allocation of Funds and Resource Allocation

The Policy recognizes that Corporate Social Responsibility is not merely compliance; it is a commitment to support initiatives that measurably improve the lives of underprivileged. For achieving its CSR objectives through implementation of meaningful & sustainable CSR programmes, the Company will allocate upto 2% of average net profits of last three financial years, as computed under Section 198 of the Companies Act, 2013, as its Annual CSR Budget or such other higher amount as is approved by the Board by undertaking projects or activities in one or more of the following focus areas or subjects as notified under Section 135 read with Schedule VII of the Act and the Rules:

- eradicating hunger, poverty and malnutrition, promoting health care including preventive 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;
- promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund setup by the Central Government for rejuvenation of river Ganga;
- 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 arts and handicrafts;
- measures for the benefit of armed forces veterans, war widows and their dependents;
- training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
- contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- rural development projects;
- slum area development; and/or
- Any other Projects / activities, the Central Government may add from time to time to the Schedule VII of the Companies Act, 2013 or allow through clarifications/ Circulars.

For the purpose of focusing its CSR efforts in a continued and effective manner, *promoting education among children* is identified as the main thrust area, besides other activities permitted under the Act.

While approving any CSR project or programme, the Board of Directors of the Company shall determine, whether it will be an Ongoing Project or otherwise. Further while approving any CSR

Project or programmer which will be treated as an Ongoing Project, the Board shall lay down the following:

- Estimated budget outlay on CSR project or programme during the course of its implementation
- Estimated budget outlay during every financial year.
- Manner of implementation

In case of multiple Ongoing Projects, Unspent CSR Account shall be opened for each project separately for better implementation.

In case of Ongoing Projects or otherwise, where during any financial year, the budgeted expenditure for that financial year is not spent fully as a result of which CSR obligation for that financial year is not fully met, then the unspent amount will be treated in accordance with provisions of the Act.

Planning and Implementation Partners

CSR Committee in consultation with the Board of Directors of the Company will identify suitable projects for implementation in line with the objects of the Company and requirements laid down under the Act. These projects would be executed either directly by the Company and/or through CSR Partner(s)/ CSR Implementation Agency (ies) as permitted under the Rule 4(1) and Rule 4(1) of the Rules.

The CSR Committee shall lay out the manner in which external implementing agencies will be selected for undertaking CSR projects or programmes.

Formulation of Action Plan

The CSR Committee shall formulate and recommend to the Board, an annual action plan for proposed CSR expenditure which shall be inclusive of following:

- 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 such projects or programmes;
- c) the modalities of utilization 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

Upon the recommendation of CSR Committee, the Board may alter such plan at any time during the financial year.

Disclosure and Reporting

The Company will report, in the prescribed format as per the Companies Act, 2013 and the rules made thereunder, the details of CSR initiatives and activities of the Company in the Directors' Report along with the composition of the CSR Committee and web-link of CSR Policy with details of changes/modification in the CSR Policy since last report.

The composition of the CSR Committee, CSR Policy and CSR projects or programmes approved by the Board shall be mandatorily disclosed on the website of the Company and be updated on regular intervals, for public access.

Transparent Monitoring Mechanism

- The CSR Committee shall prepare a transparent monitoring mechanism for ensuring implementation of the projects / programmes /activities proposed to be undertaken by the Company.
- The CSR Committee shall have the authority to obtain professional advice from external sources and have full access to information contained in the records of the Company as well as the powers to call any employee or external consultant or such other person(s) and for such purpose as may be deemed expedient for the purpose of accomplishments of overall CSR objectives laid down under the Act.
- Appropriate documentation and amendments of the CSR Policy, annual CSR activities, reports on execution by CSR Partner(s)/ CSR Implementation Agency(ies) and expenditures will be undertaken on a regular basis and same will be available to the Board of Directors of the Company.
- The CSR Committee and persons /entities authorised by it, will conduct due diligence checks on the current projects/partners on a quarterly basis and report anomalies, if any, immediately.
- Based on analysis of projects, the CSR Committee will carry out roadmap planning for allocation of budget and selection of projects. The same will be done at least once in a financial year.
- CSR Committee may plan and publish an annual calendar of major events so as strive for maximum participation of stakeholders.
- The CSR Committee will continuously review the CSR projects or programmes of the Company and will provide progress update to the Board of Directors every six months/such other intervals as deemed fit. Further the Chief Financial Officer of the Company shall after the end of the financial year, give a certificate to the Board certifying the funds disbursed for CSR projects or programmes have been utilized for the purpose for which it was disbursed.



Carry forward of excess CSR expenditure

The Board may during any financial year, approve to undertake CSR expenditure beyond the CSR obligation for that particular financial year provided the overall CSR expenditure during any financial year shall not exceed 2% of the average net profits of the Company for preceding three financial year. Such excess CSR spend may be carried forward for setting-off against the CSR obligation of the Company for next three consecutive financial years.

Impact Assessment

In case the Company's average CSR expenditure obligation is ten crore rupees or more, in the three immediately preceding financial years, it shall undertake impact assessment, through an independent agency, of their CSR projects having outlays of one crore rupees or more, and which have completed not less than one year. The Company may also voluntarily decide to undertake impact assessment of its CSR project in order to gauge the real benefits reaped by the beneficiaries of its projects.

The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.

Any expenditure incurred on impact assessment may also be booked 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.

Surplus arising from CSR activity

The surplus arising from CSR projects, programs or activities shall not form part of the business profit of the Company and shall be either ploughed back into the same project; or shall be treated in the manner provided under the Act.

Amendments to the Policy

The Board of Directors on its own and/or as per the recommendations of CSR Committee can amend this Policy, as and when required as deemed fit. Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the Act on the subject as may be issued from relevant statutory authorities, from time to time.

-----X-----