

**NATIONAL TEXTILE CORPORATION**  
**CSR Policy**

1. PREAMBLE:

The CSR Policy is framed with a view to meet the requirements set out in Schedule VII under the Companies Act, 2013 for effective implementation of the CSR activities in the Corporation.

2. DEFINITION:

- a. Corporation means National Textile Corporation Limited.
- b. Board of Directors means the Board of Directors of the Corporation.
- c. Committee of Directors or Board Level Committee means the Committee of Directors constituted by the Board of Directors of the Corporation.
- d. Group of Officers means the Group of Officers constituted by the Board of Directors, authorizing CMD to re-constitute as and when required.
- e. Act means the Companies Act 2013.

3. SCOPE OF ACTIVITIES:

The CSR activities shall be taken up by the Corporation in line with various provisions set out in Section 135 read with Rules made thereon and Schedule VII of the Companies Act, 2013.

In confirmation with Schedule VII of the Companies Act, 2013, activities which may be included by Corporation in Corporate Social Responsibility Policies is as under:

- (i) eradicating hunger, poverty and malnutrition; promoting health care including preventive health care and sanitation including contribution to the 'Swachh Bharat Kosh' set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
- (ii) Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- (iii) promoting gender equality and 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;

- (iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the 'Clean Ganga Fund' set-up by the Central Government for rejuvenation of river Ganga;
- (v) Protection of national heritage, art and culture including restoration of building and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
- (vi) measures for the benefit of armed forces veterans, war widows and their dependents;
- (vii) training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
- (viii) 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;
- (ix) Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- (x) Rural development projects.
- (xi) Slum area development.

*General Circular No. 21/2014 dated June 18, 2014 of MCA has clarified that the statutory provision and provisions of CSR Rules, 2014, is to ensure that activities undertaken in pursuance of the CSR policy must be relatable to Schedule VII of the Companies Act 2013. However, the entries in the said Schedule VII must be interpreted liberally so as to capture the essence of the subjects enumerated in the said Schedule. The items enlisted in the Schedule VII of the Act, are broad-based and are intended to cover a wide range of activities.*

The Group of Officers shall propose the activities to be taken up under CSR to Board level CSR Committee (CSR Committee). CSR Committee then after deliberation of the proposed CSR activities would recommend to the Board of Directors for their consideration. Decision of Board is final in any case of interpretation related issues whether the CSR activities to be undertaken by the Corporation, recommended by the Group of Officers or/and CSR Committee of Directors, is capturing the essence of the subjects enumerated in the Schedule VII of the Companies Act, 2013 or not. The ultimate discretion in selection and implementation of CSR activities is that of Board of Directors who shall take decisions in the best interest of the organization, keeping in view the organizational capacity, resource capacity and core competence of the Corporation. However, the CSR activities should address socio-economic and

environmental concerns and in the selection of any such activities the focus should be on the socio-economic and environmental impact thereof.

4. BOARD LEVEL COMMITTEE AND GROUP OF OFFICERS TO WORK AS TWO TIER ORGANISATIONAL STRUCTURE:

The Group of Officers and the Committee of Directors will constitute two-tier organisational structure to steer the CSR activities.

a. GROUP OF OFFICERS:

Board of Directors have constituted Group of Officers to recommend CSR activities to be undertaken to the Board level CSR Committee and facilitate in undertaking the said activities. The Board of Directors have authorized CMD of the Corporation to reconstitute the Group of Officers as and when required.

The Group of Officers so constituted shall meet after the provisional annual accounts of the corporation are ready and based on that Preliminary fund allocation for CSR spend during the financial year, after taking into account the various criteria set forth under the Act and Rules made there under, will be proposed to the committee of Directors. The provisional fund allocation will be subject to adjustment after adoption of Annual Accounts in the Annual General Meeting of the Corporation.

b. COMMITTEE OF DIRECTORS (CSR Committee):

As per provisions of Companies Act 2013 the Company needs to constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director. The Board after taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy for the company and disclose contents of such Policy in its report and also place it on the company's website, and ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the company.

The Committee of Directors shall meet as soon as possible after the recommendations of the Group of Officers are made for making provisions for incurring for CSR spend, if any, during any financial year.

## 5. PLANNING & SELECTION OF CSR ACTIVITIES

This policy is formulated to serve as the base and referral document for planning and selection of the Corporation's CSR activities which could be in conformity with the Act and Rules made there under.

The Corporation shall plan its CSR activity with due consideration towards its impact on social, economic and environmental areas.

Any changes in the Act and Rules made there under would be incorporated in the Company's Policy document on the subject.

## 6. FINANCIAL STRATEGY

Every year the Corporation with the approval of Board of Directors, shall make a budgetary allocation for CSR activities/projects for that year. The budgetary allocation will be based on the profitability of the Company calculated as per the Provisions of Section 198 of the Companies Act, 2013 which would be 2% of the average net profits of the Company made during the immediately preceding financial years.

## 7. MONITORING:

The Committee of Group of Officers will submit quarterly report regarding the progress in the implementation of CSR activities to the Board level committee. The Board level committee will, in turn, submit half-yearly reports to the Board of Directors for information, consideration and necessary directions.

## 8. REPORTING AND DICLOSURES:

The Corporation shall adhere to the provisions of the Companies Act 2013, Rules made there under, DPE Guidelines and any other special regulation/guidelines applicable to the Corporation in this regard for reporting and disclosure purposes.

## 9. MODIFICATIONS/ADDITIONS/DELETIONS

The Board of Directors shall make modifications/additions/deletions in the CSR Policy whenever and wherever required from time to time, based on the recommendations of the Board level Committee of Directors on CSR.