

SURAT TEXTILE MILLS LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY

PREAMBLE

Corporate Social Responsibility (CSR) is linked to sustainability. Such decisions are mainly based on the social and environmental consequences. It is the Company's intent to make a positive difference to society.

POLICY

Surat Textile Mills Limited (STML) is committed to operate and grow its business in a socially responsible manner with the vision to grow its business whilst reducing the environmental impact of its operations and increasing its positive social impact. This policy outlines Corporate Social Responsibility agenda of the Company. Company's aim is to achieve responsible growth by laying down this policy and encouraging its employees to take small everyday actions that add up to make a big difference.

1. DEFINITIONS:

- 1.1 **'Company'** shall mean 'Surat Textile Mills Limited', a Company originally incorporated under the provisions of the Companies Act, 1913.
- 1.2 **'Act'** shall mean the Companies Act, 2013 and includes any other rules, regulations made under the Act, statutory amendments, from time to time, and any other statutory enactment thereof.
- 1.3 **'Board'** shall mean Board of Directors of the Company (Surat Textile Mills Limited.)
- 1.4 **'Independent Director'** shall mean the Director as defined and enunciated in sub section 6 of Section 149 of the Act.
- 1.5 **'CSR'** shall mean the Corporate Social Responsibility as defined in the Section 135 of the Act.
- 1.6 **'Committee'** shall mean the CSR Committee formed by the Board of Directors of the Company.
- 1.7 **'CSR Expenditure'** shall mean and include all expenditure including contribution to corpus, for projects or programs relating to CSR activities approved by the Board on the recommendation of Committee, but does not include any expenditure on an item not in conformity with the Policy framed thereunder.
- 1.8 **'Activities'** shall mean the CSR activities as recommended by the Committee to the Board in cohesion with those enunciated in the Schedule VII of the Act for the benefits of the localities of nearby area of the Company.
- 1.9 **'NGO'** shall mean the non-profit organizations be it a Registered trust, Society, Section 8 company incorporated under the Act made by the Company or its holding, subsidiary or associate company, or any association formed and registered under the respective statutory body in India;
- 1.10 **'Directors' Report'** shall mean the report under the section 134 of the Act 2013, by the Company;
- 1.11 **'Web site'** shall mean the official web site of the Company.
- 1.12 Words not defined here shall have meaning assigned to them under the Act and Rules made there under.

2. COMMITTEE

The Board has constituted a Committee as required by Section 135(1) of the Act as also Clause 49 of the Listing Agreement with the Stock Exchanges. The list of the committee members is annexed as Annexure A to this policy and the Board has absolute power to reconstitute this Committee.

3. CHAIRPERSON

3.1 The Chairperson of the Committee shall be elected by the Members of the Committee in accordance with the requirements of the Act and the Listing Agreement.

4. MEETINGS

- 4.1 The Committee members will meet as and when required for disposal of the business.
- 4.2 Notice of any meeting of the CSR Committee has to be given at least 3 days prior to any such meeting to be held, unless all Members unanimously waive such notice. Irrespective of the length of notice being given, attendance of a meeting by a Member shall be deemed waiver of the requisite length of notice by the Member.

5. QUORUM

Minimum of two Members shall form the Quorum, including at least one Independent Director.

6. RESOLUTIONS

- 6.1 All decisions shall be taken by simple majority. In case of equality of votes on any matter, Chairperson of the Committee shall have a casting vote.
- 6.2 The Committee can also pass the resolution by circulation, if the draft resolution along with necessary papers, has been circulated to all the members of the CSR Committee (not being less than the quorum fixed for a meeting of the CSR Committee), then in India and has been approved by such of the members as are then in India, or by majority of such of them, as are entitled to vote on the resolution.

7. MINUTES

- 7.1 Minutes of the proceedings and resolutions of the CSR Committee meetings shall be signed and confirmed by the Chairperson of the meeting. Minutes so signed and confirmed shall be conclusive evidence of such proceedings and resolutions. Minutes of all Committee meetings will be open for inspection at any reasonable time on reasonable notice by any member of the Board of Directors of the Company.
- 7.2 Minutes of the committee meeting shall be recorded in loose sheets bound and shall be initialed by the Chairperson or in electronic form and shall be digital signed by the Chairperson.

8. MAINTENANCE OF RECORDS

- 8.1 Company Secretary of the Company or any other member of his/her team may be nominated as a responsible person for maintaining the records of all the Meetings and duly signed minutes of the Meeting of the CSR Committee.

10. NOT FOR EMPLOYEES ONLY:

The CSR activities should not be exclusively for the benefit of employees of the Company or their family members.

11. ROLE OF BOARD OF DIRECTORS

- a) Approve CSR Policy after considering recommendations of CSR Committee.
- b) Placing CSR Policy on company's website.
- c) Ensuring CSR activities approved by the Board are undertaken.
- d) Where the Company fails to spend such amount, specify the reasons for not spending the amount in its report.

12. ROLE AND RESPONSIBILITY OF THE COMMITTEE

The Committee shall:

- a) Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified herein;
- b) Recommend to the Board amount to be spent on various CSR activities in a year.
- c) Recommend to Board pursuing of CSR activities either by Company itself or indirectly through an NGO.
- d) Monitor CSR Policy from time to time.
- e) Report to the Board and aid in disclosing in the Directors' report of the Board under Section 134 of the Act.

FOCUS AREAS:

The Company supports various bodies in carrying out activities in the areas of rural development, education, health care, general semantics etc.

CSR OBJECTIVES

To attain its CSR objectives in a professional manner and integrated manner, the main objectives are:

- (1) To promote, carry out, support activities relating to:

Education and Training including in Science and Technology, Humanities etc; Healthcare; Welfare of Children, Women, Senior Citizens, and Differently Abled Persons; Employment enhancing Vocational skills; Sanitation; Water management; Agriculture; Horticulture; promotion of Culture; Art & Craft; Conservation of Natural Resources; Promotion and development of traditional Arts & Handicrafts; Employment Generation; Environment Sustainability; Science & Technology; Rural Development; Animal Welfare; welfare and development measures towards reducing inequalities faced by Socially and Economically Backward groups; and such activities may include establishing, supporting and / or granting aid to institutions engaged in any of the activities referred to above.
- (2) To conduct and support studies & research; publish and support literature, publications & promotion material; conduct and support discussions, lectures, workshops & Seminar in any of the areas covered above.

- (3) To promote, carry out, support any activities covered in Schedule VII to the Companies Act, 2013, as amended from time to time.

PROJECTS OR PROGRAMS

Various activities may be undertaken on the basis of objectives as set out herein as projects or programs.

Such projects or programs may be undertaken through a registered trust or registered society or a company established by the Company or by its holding or subsidiary Company or associate company or through such agencies with established track record of at least three financial years.

CONSTITUTION OF CSR COMMITTEE:

The Following Directors are presently members of CSR Committee:

1. Shri Ketan Jariwala (Chairman) (Independent Director)
2. Shri Harishchandra Bharucha (Independent Director)
3. Shri Yogesh C. Papaiya, Wholetime Director

The Committee shall be empowered to select programs in line with the objectives of the CSR Policy.

BUDGET

The Company proposes to spend 2% of the Net profit on Corporate Social Responsibility (CSR). Net Profit shall be calculated as per the provisions of Companies Act, 2013 or such other legislation as may be applicable from time to time.

CSR EXPENDITURE

CSR expenditure shall include all expenditure including contribution to corpus for projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee.

SURPLUS ARISING OUT OF CSR ACTIVITIES

Any surpluses arising out of CSR projects or programmes or activities shall not form part of the business profits of the Company.

GEOGRAPHICAL LOCATIONS

Considering the accelerated social benefit that will be derived if the Company focuses its activities in one geographical area /location, the Company proposes to undertake most of its Corporate social responsibility initiatives in the Surat and nearby district area in Gujarat. This will not just exploit the benefits of synergy, it will also exploit the extensive groundwork and momentum of past CSR activities in and around the Surat and nearby district area in Gujarat.

PROCESS

The CSR Committee shall institute a transparent monitoring mechanism for implementation of the Corporate Social Responsibility projects or programs or activities undertaken by the Company and significantly higher engagement for the community.