

SURYALAKSHMI COTTON MILLS LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY

1. PURPOSE

This Corporate Social Responsibility (“CSR”) Policy of Suryalakshmi Cotton Mills Limited (“SCML”) lays down the guiding principles for undertaking and monitoring the CSR activities of the Company in accordance with the provisions of the Companies Act, 2013 and the rules made thereunder.

2. BACKGROUND

The Company recognizes that businesses are an integral part of society and believes in conducting its operations in a socially, environmentally and ethically responsible manner, while contributing towards sustainable development and welfare of the communities in which it operates.

3. LEGAL AND REGULATORY REQUIREMENTS

This Corporate Social Responsibility (“CSR”) Policy has been formulated in accordance with the provisions of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time. The Policy lays down the guiding principles for selection, implementation and monitoring of CSR activities and formulation of the Annual Action Plan of the Company.

This Policy shall apply to all CSR initiatives and activities undertaken by the Company, preferably in the local areas and around the areas where the Company operates, for the benefit of society, particularly the underprivileged sections.

4. CSR VISION STATEMENT

The Company aims to undertake CSR activities in a socially responsible, ethical and sustainable manner for the welfare and development of society. The Company shall strive to improve the quality of life of communities in and around its areas of operation, particularly in the fields of rural education, healthcare animal welfare, drinking water supply, agro forestry etc. either directly or through eligible implementing agencies.

5. OBJECTIVES OF THE CSR POLICY

The objectives of this policy are to –

- promote social welfare through responsible business practices and good governance.
- ensure effective implementation of CSR activities.
- conduct business in a socially, environmentally and economically sustainable manner.

6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Composition:

The Corporate Social Responsibility Committee (“CSR Committee”) shall consist of three or more Directors, out of which at least one Director shall be an Independent Director.

Meetings:

The CSR Committee shall meet as and when required to discuss and monitor the implementation of the CSR Policy of the Company.

Role of CSR Committee:

The role and responsibility of the CSR Committee will be as under:-

- formulate and recommend to the Board the CSR Policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
- recommend the amount of expenditure to be incurred on CSR activities during a financial year.
- monitor the CSR Policy and CSR activities of the Company from time to time.
- formulate and recommend the Annual Action Plan to the Board and recommend alterations thereto, if required.
- perform such other functions as may be delegated by the Board or required under applicable law from time to time.

7. RESPONSIBILITIES OF BOARD OF DIRECTORS

The Board shall be responsible for approving the CSR Policy and the Annual Action Plan of the Company and shall ensure compliance with the provisions of the Companies Act, 2013 and the CSR Rules. The Board shall, inter alia:

- ensure that in each Financial Year the Company spends at least 2% of the average net profit made during the three immediately preceding Financial Years (if applicable).
- approve the CSR projects or programmes that are recommended to be undertaken in areas or subjects specified in the Act, along with the manner of execution of such projects or programmes as specified in the Act.
- ensure that the CSR activities are undertaken by the Company itself or through a registered and eligible Implementing Agency as per CSR Rules.
- ensure that in every Financial Year, funds committed by the Company for CSR activities are utilized effectively and implementation is monitored on regular basis and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.
- ensure disclosure of the composition of the CSR Committee and CSR Policy and Projects approved by the Board on their website, if any, for public access.
- alter the CSR Annual Action Plan at any time during the financial year, as per the recommendation of its CSR Committee, based on reasonable justification to that effect.

- ensure that the administrative overheads shall not exceed 5 % of total CSR expenditure of the Company for the financial year.
- monitor the implementation of ongoing projects, if any carried forward from earlier years and make modifications in such projects to ensure smooth implementation of the project within permissible time period.
- in case of excess CSR Spend in any year, to decide on set off of excess amount against the requirement to spend in the three immediate succeeding financial years, in accordance with the provisions of the Act and CSR Rules.
- as per Section 135 of the Companies Act, 2013, the reasons for under spending of the allocated CSR budget shall be specified in the Board's Report.

8. CSR ALLOCATION & EXPENDITURE

For achieving its CSR objectives through implementation of meaningful & sustainable CSR programmes, the Company will allocate at least 2% of its average net profits made during the 3 (Three) immediately preceding financial years as its Annual CSR Budget.

The Annual CSR Budget shall be spent on projects / activities as laid down in this Policy.

Administrative Overheads:

“Administrative Overheads” expenses incurred by the Company will be used for “General Management & Administration” of the 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.

Surplus of CSR Activities:

Any surplus arising out of the CSR activities shall not form part of the business profit of the Company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR Policy and Annual Action Plan of the Company or transfer such surplus amount to a Fund specified in Schedule VII of the Act, within a period of six months of the expiry of the financial year.

Excess CSR Spent:

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:

- the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any.
- the Board of the Company shall pass a resolution to that effect.

9. CSR ANNUAL ACTION PLAN

The CSR Annual Action Plan shall include the following:

- the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act.
- the manner of execution of such projects or programmes.
- the modalities of utilisation of funds and implementation schedules for the projects or programmes.
- monitoring and reporting mechanism for the projects or programmes.
- details of need and impact assessment, if any, for the projects undertaken by the company.
- any other matter as may be required under the Act and the rules made thereunder.

10. CSR ACTIVITIES:

1. The CSR Activities which may be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 will include the following: -

- 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 centres 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 set-up 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 art and handicrafts.
- Measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows.
- Training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports.
- Contribution to the Prime Minister's national relief fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities, and women.

- (a) Contribution to incubators or research and development projects in the field of science, technology, engineering, and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and (b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defence Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs);
- rural development projects.
- slum area development.
**Explanation - For the purposes of this item, the term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.*
- disaster management, including relief, rehabilitation and reconstruction activities.
- Any other CSR Activity including projects/ programmes as may be notified by the Government from time to time.

2. The activities mentioned above are to be interpreted liberally so as to capture the essence of the same. These areas are only illustrative and not exhaustive. The initiatives by the Company in the above fields will include contribution to various projects engaged in these areas.

3. 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 but does not include any expenditure on an item not in conformity with the CSR Policy.

4. Though the Company would give preference to local area and areas around the Company for spending the amount earmarked for CSR, it would also work for the upliftment of the underprivileged at large.

5. The CSR projects or programs or activities undertaken by the Company as per the Company's CSR Policy in India only, subject to the relaxations under the CSR Rules, shall amount to CSR Expenditure in accordance with the provisions of the Act.

11. APPROVAL OF CSR PROJECTS/ACTIVITIES

All the CSR projects/activities shall be approved by CSR Committee of the Board and ratified by Board of Directors.

12. TRANSFER OF UNSPENT CSR AMOUNT

Until a separate fund is specified by the Government, the unspent CSR amount, if any, shall be transferred by the Company to a fund specified in Schedule VII of the Act, within a period of six months of the expiry of the financial year.

Amount remaining unspent pursuant to an ongoing project shall be transferred within a period of thirty days from the end of the financial year to the Unspent Corporate Social Responsibility Account and such amount shall be spent by the company in pursuance of its obligation towards the CSR 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 of the Act, within a period of thirty days from the date of completion of the third financial year.

13. IMPLEMENTATION

The process for implementation of CSR programmes will involve the identification of programmes at Corporate and Unit level of the Company and the same will be done by means of the following:

- Receipt of proposals/requests from Units/District Govt./NGO/Trust/Society/Institution etc. and assessment of the same.
- Discussions with local representatives/Civic bodies/Citizen's forums etc.
- CSR programmes as may be identified at Corporate Office or at Unit level will be required to be put up to the CSR Committee of the Board.

Further, all eligible entities covered in Rule 4 of the CSR Rules through which the Company intends to undertake any CSR Activity shall have registration certificates, as applicable under various laws, rules, regulations, and statutes.

14. MONITORING AND FEEDBACK

To ensure effective implementation of the CSR programmes undertaken at each Unit, a monitoring mechanism will be put in place by the Unit head. The progress of CSR programmes under implementation at the Unit will be reported to Corporate Office on a regular basis.

In respect of the contributions made to various societies/trusts for the CSR activities, SCML will obtain commitment from the trusts/societies that it shall utilize its funds solely for the projects/activities identified. SCML shall have the right to ask the said trusts/societies to provide requisite details to show that the contribution made by SCML have been spent on the earmarked projects.

The CSR activities of the Company will be included in the Directors' report as prescribed in Section 135 of the Companies Act, 2013 and the Rules made there under. A copy of the CSR Policy and CSR Projects approved by the Board will also be placed on the Company's website.

15. ENGAGEMENT OF INTERNATIONAL ORGANISATIONS

The Company may engage international organization(s) for designing, monitoring and evaluation of the CSR projects or programmes as well as for capacity building of its personnel for CSR.

16. IMPACT ASSESSMENT

- If the Company has an average CSR obligation of 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 been completed not less than one year before undertaking the impact study.
- The impact assessment reports, if applicable, shall be placed before the Board and shall be annexed to the annual report on CSR.
- Impact assessment, if applicable, may be booked as 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.
- Details of need and impact assessment, if applicable for the projects undertaken by the Company will be included in the CSR Annual Action Plan.

17. DOCUMENTATION

The CSR Committee will prepare the annual CSR report to be filed by the Company on approval of the Board. This report will ensure:

- CSR projects and programmes are being properly documented.
- An MIS is maintained on expenditure across sectors and geographies and beneficiaries impacted. The MIS structure will be in alignment with the prescribed reporting format.
- Accountability is fixed at each level of CSR process and implementation.
- A repository of case studies and good practices is being maintained.
- Annual Action Plan in pursuance of SCML CSR policy as approved by Board.
- Impact Assessment reports for the identified and qualified projects as per the Companies (Corporate Social Responsibility Policy) Rules amended from time to time.

18. CONTINGENCY

In unforeseen circumstances relating to natural calamities or emergencies, CSR projects or activities requiring urgent implementation may be undertaken with the approval of the Managing Director and/or Executive Chairman, even if not previously approved by the CSR Committee. The CSR Committee and the Board shall be apprised of such projects or activities at their subsequent meeting.

Effective from 25th May, 2026

Version 1.2 (Updated in May, 2026)

19. GENERAL

Words and expressions used but not defined in this Policy shall have the meanings assigned to them under the Companies Act, 2013 and the CSR Rules made thereunder, as amended from time to time. This Policy shall also be subject to such clarifications, notifications and FAQs as may be issued by the Ministry of Corporate Affairs from time to time.

Any question relating to interpretation of this Policy or matters not covered herein shall be referred to the CSR Committee, whose decision shall be final.

The Company reserves the right to modify, amend or revise this Policy, with the approval of the CSR Committee and the Board of Directors, in accordance with the provisions of the Companies Act, 2013, the CSR Rules and applicable guidelines issued from time to time.

In the event of any inconsistency between this Policy and the applicable law, the provisions of the applicable law shall prevail.