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CIN No. : L17115PB1980PLC004341

CORPORATE SOCIAL RESPONSIBILITY ("CSR") POLICY

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1. CONTEXT

Section 135 of the Companies Act, 2013 ('the Act'), read with Companies (Corporate Social Responsibility Policy) Rules, 2014 ('CSR Rules') requires every company having:

1. net worth of ₹ 500 crore or more; or
2. turnover of ₹ 1,000 crore or more; or
3. net profit of ₹ 5 crore or more

in any of three (3) preceding Financial Years ('FY') to constitute a Corporate Social Responsibility Committee ('CSR Committee'). Further, the CSR Committee so constituted shall formulate a Corporate Social Responsibility Policy ('CSR Policy') and recommend the same to the Board of Directors of the Company ('Board') for its approval.

2. CSR PHILOSOPHY

Nahar Spinning Mills Ltd. (herein after referred to as NSML) has always endeavored to go beyond its business focus and contribute to the well-being of all stakeholders, including the community at large. The company had a deep commitment towards social responsibilities in past too and had been contributing significantly for philanthropic purposes.

As an organization, we believe that sustained economic growth cannot be achieved without social progress and the well-being of local communities. It is our responsibility to take care of those residing in the vicinity of our spinning plants.

In line with the aforesaid CSR philosophy, we have designed our CSR policy keeping in consideration the critical societal needs.

3. CSR VISION AND PROGRAMS

In alignment with its CSR philosophy, the Company, through its CSR programs, intends to focus on the following thematic areas:

I. Medical Relief & Research

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NSML operates with a vision of providing healthcare facilities at a reasonable cost to the weaker sections of the society. It is well recognized that India's health care system is not fully equipped to meet the challenge of providing medical relief to all at affordable rates. Hence, the weaker sections of the society are deprived of access to quality health care.

NSML has the following key focus areas in the field of medical relief and research:

- Setting up/operating medical institutions
- Grant of medical help at the time of natural/humanitarian disasters
- Extensive medical research and related activities in the field of medical science
- Aid, establish and promote medical research institutions in all disciplines of medical and surgical knowledge
- Blood donation and vaccination camps and health advisory camps in association with other hospitals and organisations to create awareness on the diseases like Aids etc.

II. Environment Sustainability

Water is the biggest crisis facing India in terms of spread and severity, affecting one in every three persons. Estimates tell us that by 2030, the supply of water in India will be half its demand. NSML will take initiatives to conserve the natural resources of water and soil by primarily focusing on rain water harvesting and tree plantation, promoting environmental sustainability, ecological balance etc. The harvested water can be used as drinking water as well as for storage and other purpose like irrigation.

III. Education

"Knowledge is Power" - The importance of education cannot be undermined. Education is the best way to satiate our curiosity, without extinguishing the burning desire to learn and explore more. The overall upliftment of the society is incomplete without the spread of education.

The average literacy rate in India, viz., 74% is much below the global literacy rate of 84%. Therefore, NSML strives at spreading education at all levels of the society. To bridge the gap of illiteracy in India, NSML focuses on:

- Establishment and/or acquisition and maintenance or support of institutions for imparting education and training to students

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- Establishment and support by extending scholarships to underprivileged and students by tying up with educational institutions
- Establishment and maintenance of and support of hostels and/or boarding houses
- Grant of fee for boarding and lodging to poor and deserving students through relevant NGO(s)
- Setting up/operating libraries and reading rooms

IV. Social Upliftment

NSML also focuses on the upliftment of the society and will undertake the following activities:

- Distribution of free food and clothing to the poor and needy to eradicate malnutrition and improve healthcare
- Establishment, running and maintenance support to orphanages
- Establishment/operation of dharamshalas, resting places and the like for the general convenience

V. Any other Activities as listed in Schedule VII of the Companies Act, 2013.

NSML intends to achieve its CSR objectives in the above thematic areas by:

- Establishing a guideline for compliance with the provisions of CSR Regulations to dedicate a percentage of Company's profits for social project, and
- Ensuring the implementation of CSR initiatives in letter and spirit through appropriate procedures and reporting.

NSML may also undertake CSR activities in collaboration with other group companies namely:

M/S OSWAL WOOLLEN MILLS LTD., M/S NAHAR INDUSTRIAL ENTERPRISES LTD., M/S MONTE CARLO FASHIONS LTD., M/S NAHAR POLY FILMS LTD., M/S NAHAR CAPITAL AND FINANCIAL SERVICES LTD.

Further, where NSML collaborates with group companies for undertaking various CSR projects/ programs, as per the applicable CSR regulations, the CSR Committee of NSML shall report separately on such projects/programs on NSML's contribution and participation.

NSML has decided to undertake its CSR programs/ projects through Oswal Foundation ('OSF'), not for profit organization.

4. CSR BUDGET

The Board shall ensure that in each financial year, Company spends at least 2 per cent of the average net profit made during the three immediately preceding financial years on CSR activities mentioned in Schedule VII of the Act. Computation of average net profits will be carried out in accordance with the provisions of Section 198 of the Act.

5. GOVERNANCE STRUCTURE

NSML's CSR governance structure comprises of CSR committee and the Board, wherein CSR committee reports directly to the Board. The said structure is diagrammatically represented hereunder:



NSML, as stated above, has decided to undertake CSR programs/ projects in collaboration with other group companies through OSF. The execution of said programs by such not for profit entities shall be governed and monitored by NSML's CSR committee.

I. Constitution of CSR Committee

The Board has set up a CSR Committee comprising of three directors namely:

| S. No. | Name | Designation/Category | Designation – CSR Committee |
|--------|------------------|------------------------|-----------------------------|
| 1 | Sh. Dinesh Oswal | Managing Director | Chairman |
| 2 | Dr. S.K. Singla | Independent Director | Member |
| 3 | Sh. Dinesh Gogna | Non Executive Director | Member |

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Responsibility of the above Committee shall be as follows:

- a) To formulate and recommend to the Board, a CSR Policy for approval specifying activities to be undertaken as mentioned in Schedule VII of the Act
- b) To recommend the amount of expenditure to be incurred on CSR activities
- c) To monitor the implementation of CSR policy of the Company from time to time
- d) To constitute a transparent monitoring mechanism for ensuring implementation of CSR Projects
- e) To be directly responsible to the Board for any act that may be required to be done by the CSR Committee in furtherance of its statutory obligations, or required by the Board

II. RESPONSIBILITIES OF THE BOARD

The responsibilities of the Board shall be as follows:

- Approving CSR Policy of the Company
- Disclosing the content of the policy in its report and placing the policy on the Company's website in the manner prescribed under section 135 of the Act read with CSR Rules
- Ensuring that the CSR activities are related to the activities included in Schedule VII of the Act.
- Ensuring that CSR projects included in the policy are undertaken by the company
- Ensuring that the Company spends, in every financial year, at least 2 percent of the average net profits made during the three immediately preceding financial years
- Ensuring that reasons for not spending of earmarked amount are disclosed in the Board's report in case the company fails to spend such amount
- Ensuring that NSML gives preference to the local areas around its operations for spending the amount earmarked for CSR projects

6. IMPLEMENTATION MECHANISM

NSML has decided to undertake CSR programs/ projects alongwith the other Group Companies under one umbrella i.e. through Oswal Foundation, a formed and registered under the Societies Registration Act, 1860 on 10th August, 2006 at Ludhiana, Punjab having its charitable objects in various fields.

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Any income or surplus arising from any CSR Projects or Programs or Activities shall be used for CSR Activities and shall not form part of the business profit of the Company.

7. MONITORING & REVIEW MECHANISM

Mr. Dinesh Gogna, Member of CSR Committee shall co-ordinate with the Oswal Foundation and review the progress of CSR Activities/projects undertaken by the said Foundation and will apprise the CSR Committee of the Company and the Board to enable them to monitor the progress of CSR Activities / projects undertaken by the Company as per the CSR Policy.

8. REPORTING FRAMEWORK

The Board's Report of a Company shall include an annual report on CSR containing particulars as specified in the Companies (Corporate Social Responsibility Policy) Rules, 2014.

9. AMENDMENTS TO THE POLICY

The Board 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 Regulations on the subject as may be issued from relevant statutory authorities, from time to time.