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**ORPORATE 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') i.e. FY 2011-12, FY 2012-13 and FY 2013-14 to constitute a Corporate Social Responsibility Committee ('CSR Committee'). Further, the CSR Committee so constituted shall formulate a Corporate Social Responsibility ('CSR') Policy and recommend the same to the Board of Directors of the Company ('Board') for its approval.

2. DEFINITIONS

- (a) "Act" means the Companies Act, 2013 and Rules framed there under;
- (b) "Company" The words "This Company", "The Company", "Company" wherever occur in the policy shall mean "Oswal Wollen Mills Limited" or "OWML".
- (c) "Corporate Social Responsibility (CSR)" means and includes but is not limited to:-
- i. Projects or programs relating to activities specified in Schedule VII to the Act; or
 - ii. Projects or programs relating to activities undertaken by the Board of Directors of the Company (Board) in pursuance of recommendations of the CSR Committee of the Board as per declared CSR Policy of the Company subject to the condition that such policy will cover subjects enumerated in Schedule VII of the Act.
- (d) "CSR Committee" means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act.
- (e) "CSR Policy" relates to the activities to be undertaken by the Company as specified in Schedule VII to the Act and the expenditure thereon, excluding activities undertaken in pursuance of normal course of business of a company.

3. CSR PHILOSOPHY

India is one of the largest growing economies in the world. However, it continues to be overloaded with various problems and challenges of poverty, health hazards, environmental degradation, illiteracy, poor



educational standards, inadequate infrastructure, power crisis gender bias as well as uneven distribution of wealth which many believe, is the main cause of social unrest.

The concept and need for Corporate Social Responsibility (CSR) has gained importance from all avenues. 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.

OWML through its CSR initiatives will continue to enhance value and promote social sustainability, sustainable development of the environment and social welfare of the people and society at large, more specifically for the deprived and underprivileged persons.

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 region of our plant(s).

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

4. OUR VISION & OBJECTIVES

- In alignment with its CSR philosophy, the Company, through its CSR programs, intends to focus on the following thematic areas:
- Medical Relief & Research [activities falling under **promoting health care including preventive health care** covered in clause (i) of schedule VII of the Companies Act, 2013 ('the Act')]
- Environmental Sustainability [activities falling under **ensuring environmental sustainability** covered in clause (iv) of schedule VII of the Act]
- Education [activities falling under **promoting education** covered in clause (ii) of schedule VII of the Act]
- Social Upliftment [activities of **setting up homes and hostels for orphans, setting up old age homes and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups** covered in clause (iii) of schedule VII of the Act]

5. CSR SCOPE

In furtherance of its CSR objects, the Company proposed to meet its CSR obligation through a combination of one or more of the following:

- a) CSR activities implemented by the Company on its own,
- b) CSR activities implemented by the Company through own trust/society or group company trust/society,
- c) CSR activities of the Company through an external trust/society

6. CSR FUNDS

The board for the purpose of carrying on the aforesaid activities shall ensure that the Company shall spend 2% of the average Net Profit made by the Company during immediately preceding three Financial Years, computation of which will be carried out in accordance with the provisions of Section 198 of the Act.

7. GOVERNANCE STRUCTURE

OWML'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:



OWML, 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 OWML'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. Jawahar Lal Oswal | Chairman & Managing Director | Chairman |
| 2 | Sh. Sandeep Jain | Director | Member |
| 3 | Sh. Kanwar Sain Maini | Independent Director | Member |

Responsibility of the above Committee shall be as follows:

- 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.
- To recommend the amount of expenditure to be incurred on CSR activities.
- To monitor the implementation of CSR policy of the Company from time to time.
- 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 OWML gives preference to the local areas around its operations for spending the amount earmarked for CSR projects.

8. CSR ACTIVITIES

The CSR activities we pursue will be in line with our stated Vision and Mission, focused not just around our plants and offices, but also in other geographies based on the needs of the communities. OWML shall identify any one or more of the following areas for its CSR activities:

a) Medical Relief & Research

OWML 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.

OWML 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.

b) 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. OWML 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.

c) 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, OWML strives at spreading education at all levels of the society. To bridge the gap of illiteracy in India, OWML focuses on:

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

d) Social Upliftment

OWML 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.

e) Any other Activities as listed in Schedule VII of the companies Act, 2013.

OWML 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.

OWML may also undertake CSR activities in collaboration with other Group Companies. Further where OWML collaborates with group companies for undertaking various CSR projects/programs, as per the applicable CSR regulations, the CSR committee of OWML shall report separately on such projects/programs on OWML's contribution and participation.

9. IMPLEMENTATION MECHANISM

OWML has decided to undertake CSR programs/ projects along with other Group Companies under one umbrella i.e. through Oswal Foundation (OSF), which is established by OWML. OSF is a society registered under the Societies Registration Act, 1860 which was formed on 10th August 2006 and is established at Ludhiana, Punjab. OWML was the subscriber to memorandum of association of OSF at the time of formation thereof and is a permanent member (in the capacity of an executive member) in the said society.

10. MONITORING & REVIEW MECHANISM

OSF shall submit its report to the CSR Committee which shall monitor the progress on CSR activities and CSR expenditure. Post receipt of report, Committee shall discuss and review the progress of CSR activities and apprise the Board to enable them to monitor the progress of CSR activities undertaken by the Company as per the CSR policy.

11. REPORTING FRAMEWORK

The Board' Report of the Company shall include an annual report on CSR containing particulars as per structure and format prescribed in Companies (Corporate Social Responsibility Policy) Rules, 2014.

12. 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. All or any of the provisions of 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.