

ACKNIT INDUSTRIES LIMITED

POLICY FOR CORPORATE SOCIAL RESPONSIBILITY

[Pursuant to Section 135 read with Schedule VII of the Companies Act, 2013]

1. Introduction

Acknit Industries Limited [hereinafter referred to as "The Company"] affirm their Corporate Social Responsibility [CSR] as a part of their business activities. This policy for Corporate Social Responsibility [hereinafter referred to as "the Policy"] acts as a guideline to promote social and environmental responsibility in the workplace.

In compliance with Section 135 of the Companies Act, 2013, the CSR Committee at its meeting held on 08th August, 2019 approved and recommended CSR Policy to the Board of Directors and the latter approved the same at its meeting held on 14th November, 2019.

Further, the CSR Policy is amended pursuant to the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 and is adopted by the Board of Directors of the Company on recommendation of CSR Committee at their meeting held on 11th February, 2021.

The said policy may be amended with the relevant changes in the law from time to time.

2. Interpretation

For the purpose of this Policy references to the following shall be construed as:

- (i) "Act" means the Companies Act, 2013.
- (ii) "Administrative Overheads" means the expenses incurred by the Company for 'general management and administration' of CSR functions in the Company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular CSR project or programme.
- (iii) "Annual Action Plan" means a plan framed in terms of this Policy.
- (iv) "Board of Directors" or "Board" means the Board of Directors of the Company.
- (v) "Corporate Social Responsibility" ("CSR") means the activities undertaken by the Company in pursuance of its statutory obligation laid down in Section 135 of the Act and in accordance with the provisions contained in the Rules made thereunder, but shall not include the following, namely:
 - a. activities undertaken in pursuance of normal course of business of the Company;
 - b. any activity undertaken by the Company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;
 - c. contribution of any amount directly or indirectly to any political party under Section 182 of the Act;

- d. activities benefitting employees of the Company as defined in Clause (k) of Section 2 of the Code on Wages, 2019;
 - e. activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;
 - f. activities carried out for fulfilment of any other statutory obligations under any law in force in India.
- (vi) “CSR Committee” means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act.
- (vii) “CSR Policy” means this Policy.
- (viii) “CSR Projects” means projects or programs mentioned in Schedule VII of the Act, as amended from time to time;
- (ix) “Net Profits” means the net profit of the Company as per its financial statements prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely :-
- a. any profit arising from any overseas branch or branches of the Company, whether operated as a separate company or otherwise; and
 - b. any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act.
- (x) “Ongoing Projects” means multi-year project undertaken by the Company in fulfillment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced, and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the Board on reasonable justification.
- (xi) “Rules” means Companies (Corporate Social Responsibility Policy) Rules, 2014.
- (xii) “Unspent CSR Account” means an account opened by the Company with a schedule bank in terms of sub-section (6) of the section 135 of the Act.

3. Corporate Social Responsibility Purpose Statement

The Company has constituted a Committee to undertake CSR activities within the purview of the guidelines as provided by the Ministry of Corporate Affairs. The Company will undertake programme based on the identified needs of the community and any other activity as specified its CSR Projects which inter-alia shall include any of the following:

- (i) 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;

- (ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
- (iii) 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;
- (iv) 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;
- (v) 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;
- (vi) 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;
- (vii) Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;
- (viii) 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;
- (ix) (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 Defense 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).]
- (x) Rural development projects;

- (xi) Slum area development;
- (xii) Disaster management, including relief, rehabilitation and reconstruction activities.

4. Scope

This policy will apply to all projects/programmes undertaken as part the Company's Corporate Social Responsibility and will be developed, reviewed and updated periodically with reference to relevant changes in the law of the land.

The policy will maintain compliance and alignment with the activities listed in Schedule VII and Section 135 of the Act and the Rules framed thereunder.

5. Governance

The approval of the CSR policy and ensure that the CSR activities are undertaken as per the Company's CSR Policy is the responsibility of the Company's Board of Directors.

The responsibility of the CSR Committee are as follows:

- (i) Formulate and recommend to the Board, a CSR Policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Act and which shall provide an approach and the guiding principles for selection, implementation and monitoring of CSR activities to be undertaken by the Company;
- (ii) Recommend the amount of expenditure to be incurred on the activities as per the Policy;
- (iii) Formulate and recommend Annual Action Plan, and any modifications thereof, to the Board comprising of following information:
 - a. the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
 - b. the manner of execution of such projects or programmes;
 - c. the modalities of utilisation of funds and implementation schedules for the projects or programmes;
 - d. monitoring and reporting mechanism for the projects or programmes; and
 - e. details of need and impact assessment, if any, for the projects undertaken by the Company;
- (iv) Monitor and evaluate the performance of the CSR projects and the achievement of targets from time to time;
- (v) Monitor and revise the CSR Policy of the Company from time to time and institute a transparent monitoring mechanism for implementation of the CSR projects referred to above;

- (vi) Review and recommend to the Board, the impact assessment report, if any, obtained by the Company from time to time.

6. Meetings of CSR Committee

The CSR Committee may meet from time to time to discuss and implement the CSR activities/projects to be undertaken.

7. CSR Expenditure

- (i) The Company shall, in every financial year, spend a minimum amount of two percent of the average net profits made during three immediately preceding financial years.
- (ii) The Administrative Overheads shall not exceed five percent of total CSR expenditure of the Company for the financial year.
- (iii) In any financial year, if the Company is unable to spend the minimum allocation of CSR, the Company shall, in its Board's Report prepared under Section 134(3)(o) of the Act, specify the reasons for not spending the amount.
- (iv) The Company shall deal with the unspent amount, if any, in the following manner:
 - a. where the unspent amount is related to an Ongoing Project, such unspent amount shall be transferred to the Unspent CSR Account within a period of thirty days from the end of the financial year and the same shall be spent in the manner as prescribed in section 135(6) of the Act; and
 - b. where the unspent amount is not related to an Ongoing Project, such unspent amount shall be transferred to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.
- (v) Where the Company spends an amount in excess of the minimum allocation of CSR, such excess amount may be set off against the minimum allocation of CSR upto three immediately succeeding financial years subject to the conditions that—
 - a. the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any, in pursuance of Rule 7(2) of the Rules.
 - b. the Board of the Company shall pass a resolution to that effect.
- (vi) The CSR amount may be spent by the Company for creation or acquisition of a capital asset, which shall be held by –
 - a. a company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number under sub-rule (2) of rule 4; or
 - b. beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or

- c. a public authority.
- (vii) 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, within a period of six months of the expiry of the financial year.

8. Implementation

The Company shall undertake CSR projects/programmes identified by the CSR Committee and approved by the Board of Directors in line with the CSR Policy.

The Board shall ensure that the CSR activities are undertaken by the Company itself or through -

- (a) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961, established by the Company, either singly or along with any other company, or
- (b) a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or
- (c) any entity established under an Act of Parliament or a State legislature; or
- (d) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

Every entity mentioned above, who intends to undertake any CSR activity, shall have unique CSR Registration Number.

The Company can also undertaking projects or programmes or CSR activities in collaboration with other company(ies), if permissible and feasible and in such a manner that the CSR Committees of respective companies are in a position to report separately on such projects or programmes.

The Company shall formulate criteria and procedure for selection, screening and due diligence of its implementing agency.

9. Impact Assessment

The Company shall carry out impact assessment on fulfillment of the following conditions:

- a. The average CSR obligation of the Company, in pursuance of sub-section (5) of section 135 of the Act, in the three immediately preceding financial years is ten crore rupees or more;
- b. The Company had an outlay of one crore rupees or more for any of the Projects undertaken by it and which have been completed not less than one year before undertaking the impact study.

In case of applicability of Impact Assessment, the Company shall perform the following functions:

- (i) The Company shall undertake impact assessment, through an independent agency, of its CSR projects.
- (ii) The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.
- (iii) The Company may book the expenditure arising out of the impact assessment towards Minimum CSR allocation for the financial year in which the assessment is being carried out, which shall not exceed five percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is less.

10. Monitoring and Reporting

The CSR Committee will oversee the implementation and monitoring of all CSR projects/ programmes and periodic reports shall be provided for review to the Board.

The Company shall institute a well-defined, transparent monitoring and review mechanism to ensure that each CSR project/programme has:

- 1. Clear objectives developed out of the societal needs that may be determined through need assessment studies and research (secondary or primary);
- 2. Clear targets, timelines and measureable indicators, wherever possible;
- 3. A progress monitoring and reporting framework that is aligned with the requirements of Section 135 of the Act and the Rules.

The Board of Directors of the Company shall satisfy itself that the funds disbursed against its CSR projects/ programmes have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to that effect.

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