ULTRA DENIM LIMITED

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

Preface:

Corporate Social Responsibility ("CSR") is strongly connected with the principles of sustainability. Organizations should make decisions based not only on financial or operational factors, but also on the social and environmental consequences. Whilst we run our business in line with the expectations of the stakeholders, we also see corporate responsibility as a discipline that helps us to stand up to the expectations of the society and contribute to its welfare. Organizations have realized that the Government alone will not be able to get success in its endeavor to uplift the downtrodden of society.

Ultra Denim Limited (the "Company") is committed to supporting the Government's vision, understanding, monitoring and managing our social, environmental and economic impact to allow us to contribute to society's wider aim of sustainable development. The Company has adopted CSR as a strategic tool for sustainable growth. This Policy is based on the following areas that reflect existing and evolving standards of Corporate Social Responsibility.

Objectives of this Policy:

This is the Corporate Social Responsibility Policy ("**CSR Policy**") for the Company as required under the Companies Act, 2013 (hereafter referred to as "the Act"), read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 ("**CSR Rules**") and other directions and clarifications issued by the Ministry of Corporate Affairs from time to time (collectively referred to as the "CSR Regulations"). This policy lays down broad approach and direction for selection, implementation and monitoring of CSR activities as well as formulation of the annual action plan pursuant to CSR Regulations in the sphere of corporate social responsibility undertaken by the Company.

Vision:

This Policy is built on the following areas that echo existing and emerging standards of Corporate Social Responsibility:

- Promoting business activity that brings simultaneous economic, social and environmental benefits.
- Encouraging inventive approaches and continuing development and application of best practices.
- Ensuring best minimum levels of performance in areas such as health & safety, the environment and equal opportunities.
- Creating a framework that simplifies business practices which balances profit and success with achievement of social and sustainability goals.
- Taking an active part in supporting the local community and social causes.

Definitions:

In this Policy unless the context otherwise requires:

(i) "***Act***" means the Companies Act, 2013;

(ii) "***Annexure***" means the Annexure appended to these rules;

(iii) "***Administrative overheads***" means the expenses incurred by the company for 'general management and administration' of 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;

CIN No. : U17120GJ2011PLC066144
Regd. Office : Plot No. 3713, Phase IV, G.I.D.C. Estate, Vatva, Ahmedabad - 382445. Gujarat (INDIA)
Plant : Plot No. C-9, Gujarat Eco Textile Park, N.H. 8, Palsana, Surat - 394315. Gujarat (INDIA)
+91 7575805152, +91 7575805153 denim@ultradenim.in www.ultradenim.in

(iv) "***Company***" means Ultra Denim Limited;

(v) "***CSR***" means Corporate Social Responsibility;

(vi) "***CSR Activities***" means activities covered under Schedule VII of the Act.

(vii) "***CSR Committee***" means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act.

(viii) "***CSR Expenditure***" shall include all expenditure including 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 or not in line with activities which fall within the purview of Schedule VII of the Act.

(ix) "***Net Profit***" means the profit of the company calculated in accordance with the provisions of the Act and shall not include the following, namely: –

(i) any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and

(ii) 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 Project***" means a multi-year project undertaken by the Company in fulfilment 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 based on reasonable justification;

CSR BUDGET:

The CSR budget for every financial year, shall be as prescribed under the Companies Act, 2013, the Rules thereunder, as amended. Treatment of unspent CSR amount and surplus generated from CSR activities shall also be according to the Companies Act, 2013, the Rules thereunder, as amended.

GOVERNANCE:

The CSR activities shall be administered under a three-tiered governance structure.

1. **Board of Directors:**

The Board of Directors of the Company form the apex body to review and approve the CSR Policy, Annual Action Plan and have oversight over the CSR activities of the Company. They shall have the overall responsibility to ensure that the funds disbursed towards CSR activities have been utilized for such purposes and in the manner as approved by the Board/CSR Committee.

2. **CSR Committee:**

The Board of Directors shall constitute a CSR Committee of the Board. The CSR Committee of the Board will oversee the implementation and compliance of the CSR activities of the company. The CSR Committee will recommend the Annual Action Plan to the Board for its approval.

CIN No. : U17120GJ2011PLC066144

Regd. Office : Plot No. 3713, Phase IV, G.I.D.C. Estate, Vatva, Ahmedabad - 382445. Gujarat (INDIA)

Plant : Plot No. C-9, Gujarat Eco Textile Park, N.H. 8, Palsana, Surat - 394315. Gujarat (INDIA)

+91 7575805152, +91 7575805153 denim@ultradenim.in www.ultradenim.in

3. **Chief Financial Officer:**

The Chief Financial Officer of the Company shall, on an annual basis, certify to the Board of Directors with respect to the utilization of funds earmarked towards CSR Activities.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

Constitution and Meetings:

- The CSR Committee of the Company shall consist of the 3 or more Directors out of which at least one is an Independent Director.
- The CSR Committee shall meet at least once in a year to discuss and review the CSR activities and policy. The quorum shall be two members or 1/3rd members of CSR Committee, whichever is higher, are required to be present for the proceeding to take place.

The roles and responsibilities of the CSR Committee include:

1. Formulate and recommend to the Board, a "Corporate Social Responsibility Policy" which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 and the rules made thereunder, as amended, monitor the implementation of the same from time to time, and make any revisions therein as and when decided by the Board;
2. identify corporate social responsibility policy partners and corporate social responsibility policy program;
3. review and recommend the amount of expenditure to be incurred on the activities referred to in clause (a) and the distribution of the same to various corporate social responsibility programs undertaken by the Company. The amount spent pursuant to the "Corporate Social Responsibility Committee" shall be, in every financial year, at least two percent. of the average net profits of the Company made during the three immediately preceding financial years;
4. delegate responsibilities to the corporate social responsibility team and supervise proper execution of all delegated responsibilities;
5. review and monitor the implementation of corporate social responsibility programs and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programs;
6. any other matter as the Corporate Social Responsibility Committee may deem appropriate after approval of the Board or as may be directed by the Board, from time to time;
7. The Corporate Social Responsibility Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its corporate social responsibility policy, which shall include the following:
   (i) the list of corporate social responsibility projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Companies Act;
   (ii) the manner of execution of such projects or programmes as specified in the rules notified under the Companies Act;
   (iii) the modalities of utilisation of funds and implementation schedules for the projects or programmes;
   (iv) monitoring and reporting mechanism for the projects or programmes; and
   (v) details of need and impact assessment, if any, for the projects undertaken by the Company; and
8. exercise such other powers as may be conferred upon the Corporate Social Responsibility Committee in terms of the provisions of Section 135 of the Companies Act.

CIN No. : U17120GJ2011PLC066144
Regd. Office : Plot No. 3713, Phase IV, G.I.D.C. Estate, Vatva, Ahmedabad - 382445. Gujarat (INDIA)
Plant : Plot No. C-9, Gujarat Eco Textile Park, N.H. 8, Palsana, Surat - 394315. Gujarat (INDIA)
+91 7575805152, +91 7575805153 denim@ultradenim.in www.ultradenim.in

IMPLEMENTATION:

The board of the Company shall ensure that the CSR Activities as included in this CSR policy are undertaken by the Company itself or through:

(i) 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 (43 of 1961), established by the company, either singly or along with any other company, or
(ii) 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
(iii) any entity established under an Act of Parliament or a State legislature; or
(iv) 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.

Further, the Company may also collaborate with other companies for undertaking CSR projects / programmes or CSR activities in such a manner that the CSR committees of the respective companies should report separately on such projects / programmes / activities.

In case, the CSR Programmes are implemented through external agencies or Company established entities, the programmes to be undertaken by those agencies or entities will be specified, and it will be ensured that such programmes are covered in the objects laid down in the respective charter documents of such agencies or entities.

The following activities / contributions shall not constitute CSR expenditure:

(i) Activities undertaken in the normal course of business of the Company.
(ii) Any activity undertaken outside India except for training of Indian sports personnel representing any State or Union territory at the national level or India at international level.
(iii) Contribution of any amount directly or indirectly to any political party under Section 182 of the Act.
(iv) Activities benefitting employees of the Company as defined in clause (k) of Section 2 of the Code on Wages, 2019.
(v) Activities supported by companies on a sponsorship basis for deriving marketing benefits for its products or services.
(vi) Activities carried out for fulfilment of any other statutory obligations under any law in force in India.

MONITORING:

The CSR projects shall be periodically monitored by the CSR Committee and shall ensure that the CSR Policy is implemented as per the Companies Act, 2013 and the Rules, ensuring that all projects as budgeted are duly carried out.

The Chief Financial Officer of the Company shall, on an annual basis, certify to the Board of Directors with respect to the utilization of funds earmarked towards CSR Activities.

MONITORING MECHANISM:

CIN No. : U17120GJ2011PLC066144
Regd. Office : Plot No. 3713, Phase IV, G.I.D.C. Estate, Vatva, Ahmedabad - 382445. Gujarat (INDIA)
Plant : Plot No. C-9, Gujarat Eco Textile Park, N.H. 8, Palsana, Surat - 394315. Gujarat (INDIA)
+91 7575805152, +91 7575805153 denim@ultradenim.in www.ultradenim.in

The Board of the Company or its CSR Committee shall monitor the implementation of the CSR projects as required under the Companies Act 2013 and examine whether the funds provided by the Company are utilized in accordance with the approved plans and report to the Board of Directors or its committee.

The management shall provide a detailed report of CSR activities carried out as well as budgets utilized in the prescribed format to the Company's Board or its committee. In case of ongoing project, the Board shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible period.

The annual action plan of the Company would include the manner of execution of CSR projects or programmes to be undertaken by the Company, the modalities of utilization of funds and implementation schedules for the projects or programmes, and monitoring and reporting mechanism for the projects or programmes and details of need and impact assessment, if any, for the projects undertaken by the Company.

If for any reason, the Company is unable to utilize the entire funds provided by the Company, such. unutilized funds shall be treated in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as may be amended from time to time.

MANDATORY IMPACT ASSESSMENT:

The Board of the Company shall undertake impact assessment as required under Rule 8 of the CSR Rules and take note of the impact assessment reports which are mandatorily required to be placed before it.

REPORTING AND DISCLOSURE:

The Company shall disclose this Policy on its website at https://www.ultradenim.in/. The necessary disclosure, if any, about the policy will also be made as per the requirements of the Act.

The Company shall publish its Annual Report on CSR Activities in its Directors Report in the manner prescribed under the Companies Act 2013 and the CSR Rules.

REVIEW OF POLICY:

The Board of Directors may revise/ amend this CSR Policy based on the recommendations of the CSR committee or to bring the same in line with the guidelines or amendments issued from time to time by Government on the subject. The Board shall have the power to clarify any doubts or rectify any anomalies that may exist in connection with the effective execution of this Policy. The Board reserves the right to amend this Policy from time to time based on changing requirements of any law or the Act. Notwithstanding anything contrary contained in this Policy, the provisions of the Act, 2013 shall always supersede this Policy.

AMENDMENTS TO THE POLICY:

In case of any change in the CSR provisions under the Act and / or the CSR Rules or notified through any separate notification or circular or clarification or guidance note, implementation of this CSR Policy and incurring of the CSR expenditure may be made based on the amended provisions even if the same is / are contrary to this CSR Policy and without immediate need to amend the same.

*****

CIN No. : U17120GJ2011PLC066144
Regd. Office : Plot No. 3713, Phase IV, G.I.D.C. Estate, Vatva, Ahmedabad - 382445. Gujarat (INDIA)
Plant : Plot No. C-9, Gujarat Eco Textile Park, N.H. 8, Palsana, Surat - 394315. Gujarat (INDIA)
+91 7575805152, +91 7575805153 denim@ultradenim.in www.ultradenim.in