

Corporate Social Responsibility (CSR)
Policy of
Aryan Pumps and Enviro Solutions Pvt. Ltd.

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Corporate Social Responsibility (CSR) Policy

1. Introduction

The goal should be to build a sustainable lifestyle business that does good for employees and customers- and that steadily builds wealth.

- Vivek Wadhwa

- 1.1 Though there is no specific commonly applicable definition of CSR, it is the “continuous commitment by the business to behave ethically and contribute to economic development while improving the quality of life of local community and society at large”. It is the responsibility of the corporate entity towards the society in consideration of the support given and efforts taken by the society. Corporate Social Responsibility (CSR) is the concept whereby organizations serve the interest of the society by taking the responsibility for the impact of their activities on Society as well as environment in all aspects of their operation.
- 1.2 As per the Companies Act 2013 and rules made under Section 135 the CSR “ means and includes but is not limited to (i) Projects and program relating to activities specified in schedule VII to the Act or (ii) projects and programs relating to activities under taken by Board of Directors of the Company in pursuance of recommendations of the CSR Committee of the Board as per the declared CSR policy of the Company subject to the condition that such policy will cover subjects enumerated in schedule VII of the Act”.
- 1.3 Our Companies Corporate Social Responsibility (CSR) policy is broadly based on social, environmental and economic responsibilities of business based on the circular released by the Ministry of Corporate

Affairs, SEBI guidelines on Business Responsibility Reporting, Companies Act 2013 as well as further guidelines issued by the Ministry of Corporate Affairs time to time.

- 1.4 Our Companies Corporate Social Responsibility (CSR) policy aims to achieve long term sustainability goals based on the circular released by the Ministry of Corporate Affairs, SEBI guidelines on Business Responsibility Reporting, Companies Act 2013 as well as further guidelines issued by the Ministry of Corporate Affairs time to time.

2. **Objectives of the Corporate Social Responsibility (CSR) policy.**

- 2.1 The objectives of the CSR policy is to promote socio-economic development in rural areas, improve education, eradicate hunger and poverty, promote gender equality and empowering women, promotion of Sports, health care and sanitization, ensuring environmental sustainability, employment enhancing vocational skills, social business projects, promoting and protecting natural heritage and culture and such other matters of common good.
- 2.2 Contribution to the prime Ministers National relief fund or any other fund set up by Central Govt. or State Govt. for socio-economic development, relief and rehabilitation of persons effected by natural calamities, funds for the welfare of schedule Caste and Schedule Tribes and other backward classes, minority and women as enumerated in Schedule VII of the Companies Act,2013.
- 2.3 Promotion and Financing any other activities to be advised and approved by the Govt. or approved by the Board from time to time.

- 2.4 Promote/encourage eligible Trusts and Societies and/or help/collaborate with eligible trusts and societies or other implementing agencies, registered under section 8 of the Companies Act, who are engaged in promoting the above objectives solely with our company or jointly with any other companies.
- 2.5 Preferential areas: our Company aims to promote/finance activities to promote sports and fitness and its allied activities, promotion of education and Medical aid in different areas.

3. **The responsibility of the Board in implementation of CSR rules :**

- 3.1 The Board shall constitute a **Corporate Social Responsibility Committee** of the company for the purpose of preparing a detailed plan of the CSR activities including decisions regarding the expenditure, types of the activities to be under taken, agencies like Trust/s, Societies, individuals etc. to monitor such CSR activities, roles and responsibilities of such Trusts, Societies, individuals etc., and its reporting mechanism.
- 3.2 The Board of the Company shall after taking in to account the recommendations made by the CSR Committee, approve the CSR policy for the Company and disclose contents of such policy in its report and also place it on the Company's website. The Board shall ensure that the activities as are included in CSR policy of the Company are undertaken by the Company, ensure that the Company spends in financial year, at least 2% of the average net profits (before tax) made during the preceding 3 financial years. If the Company fails to spend such amount, the Board shall in its report specify the reasons for not spending the amount and take necessary action for the same.

- 3.3 Company shall give the preference to the local areas or the Board may decide other areas based upon genuineness of the CSR activities specified in Schedule VII.
- 3.4 The Directors of the Company are responsible for Disclosure of information in the Directors' report under Section 134(3)(O) of the Act, specifying reasons for not spending the required amount for CSR activities. Failure to disclose such information on CSR policy in the Directors' Report as required under Section 134(3)(O), the Company is liable to pay a fine and every officer responsible for such default is liable for civil wrong and shall attract penalty.

4. **CSR committee of the Board:**

- 4.1 The CSR committee of the Board should be constituted by the Board of Directors of the Company from time to time. The committee shall consist of two or more directors and other personnel as decided by the Board of Directors as per section 135(1). The composition of the CSR Committee shall be disclosed in the Board report as per sub section (3) of section 134 of the Companies Act.
- 4.2 The term of the CSR Committee shall be for a minimum period of 3 years from the date of constitution. In the case of retirement of any of the Directors or committee personnel of the Company who are the members of the CSR Committee, fresh nomination of any other Director of the Company shall be made by the Board or Independent Director who is Chairman of the Committee shall appoint one director for the remaining period.
- 4.3 The Chairman of the CSR Committee may be any one of the Directors of the Company who is a member of the CSR Committee.

- 4.4 The CSR Committee shall hold its meeting at least twice in a year or such other convenient intervals as may be decided by the Chairman of the CSR Committee.
- 4.5 The CSR Committee shall ensure that the CSR activities in the Company are conducted as per the CSR policy and performance vis-a-vis the projections are placed before the Board of the Directors on half yearly basis as at Sept/ March.

5. Functions and Responsibilities of the CSR Committee.

- 5.1 The CSR Committee of the Board shall review, finalise and recommend a CSR policy to the Board, indicating the activities to be under taken under CSR policy which is in tune with the Schedule VII of the Companies Act and any modifications made by the Govt. from time to time. The Committee shall also review the CSR policy from time to time / once in a year or such other periodical intervals as may be required.
- 5.2 The CSR Committee shall estimate, compute the amount of expenditure to be incurred on CSR activities on an annual basis or project to project basis. All the expenditure to be incurred towards CSR activities shall be reviewed by the Board, subject to such monitory ceilings as may be prescribed by the Company's Act. Unutilized CSR budget of a particular year to be permitted for carryover to the next financial year as per the provisions of the Act.

- 5.3 The CSR Committee will monitor the progress in implementation of CSR projects and programs and report to the Board at half yearly intervals for review.
- 5.4 The CSR Committee shall approve the activities and budget for CSR expenditure from time to time and review such expenditure at half yearly intervals. The Company may also examine contributing a portion of the eligible amount to Prime Ministers National Relief Fund and such other activities and get the benefit of Tax concession and complying with the statutory requirements.
- 5.5 The CSR Committee shall institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the company. The CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy, which shall include the list of CSR projects or programs 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 program as specified in sub rule (1) of rule 4, The modalities of utilization of funds and implementation schedules for the projects or program, Monitoring and reporting mechanism for the projects or program.

6. The CSR Activities and strategy

- 6.1 The CSR policy should exclude the normal business activities of the Company. As per the CSR policy the activities are to be related to the activities included in schedule VII of the Companies Act. The CSR activities may be either independent projects and programs or activities, either new or ongoing, but

will not include the activities that are undertaken in pursuance to the normal course of the business. Similarly, contribution of any amount directly or indirectly made to any political party or religious trust shall not be considered as CSR activity. While, taking up any CSR activities and for spending the amount year marked for CSR activities, preference shall be given to local areas and areas in and around where the branches operate.

- 6.2 The gist of the activities for which the Company will spend the targeted amount which specified in the objectives of the CSR policy, the Company may cover all or any of the following activities under the CSR undertaken in India. In other words, expenditure separately and independently incurred in CSR projects or programs or activities undertaken outside India are not eligible to be covered under CSR expenditure. The CSR policy of the company shall include the following activities: Eradicating hunger, poverty and malnutrition, promoting preventive health care and 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. Scholarship to the students, trainees etc., introduction of earn while you learn scheme to the poor students. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward group. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, water and air. Protection of national heritage, art and culture including restoration of building and sites of historical importance and

works of arts and handicrafts. Measure for benefits of armed forces veterans war widows and their dependents. Training to promote rural sports, nationally recognized sports, Paralympics sports and Olympic sports. Contribution to the Prime Ministers National Relief Fund or other fund set up by the Central Govt. for socio economic development and relief and welfare of the SC, ST and other backward classes, minorities and women. Contribution or funds provided to technology incubators located within academics institutions which are approved by the Central Govt. Rural Development and other community Projects of common interests. Welfare measures for differently abled, old, homeless and the destitute. Disaster management and activities including those related to amelioration and mitigation.

- 6.3 The strategy for implementation of the CSR activities will be reviewed from time to time, The Board may decide to undertake the CSR activities approved by the CSR committee through a registered trust or a Society or a Company, established by the Company itself or its holding Company or any other Associate Company under Section 8 of the Companies Act. The Company may also entrust such CSR activities to any other Company, Society or Trust with established track record of 3 years in undertaking similar programs or projects. The modalities of utilization of funds on such projects and programs and monitoring and reporting the mechanism will be introduced by the Company. The Company may also collaborate with other Companies, Trust, Societies for undertaking projects or programs or CSR activities in such a manner that the CSR Committees of the respective Companies are in a position to report separately on such projects or programs in accordance with the mechanism approved by the CSR Committee. Subject to the approval of CSR Committee of the Board, Company may also build the CSR capacities of the employees of the Company

or other implementing Agencies through institutions with the established track records of at least 3 financial years, but such expenditure shall not exceed 5% of the total CSR expenditure of the Company in one financial year.

- 6.4 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 (43 of 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.
- 6.5 Every entity, covered under sub rule (1), who intends to undertake any CSR activity, shall register itself with the Central Government by filing the form CSR 1 electronically with the Registrar, with effect from the 01/04/2021 Provided that the provisions of this sub rule shall not affect the CSR projects or program approved prior to the 01/04/2021.
- 6.6 The Board shall satisfy itself that the funds so disbursed have been utilized 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 the effect.
- 6.7 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 time period.

7. The CSR expenditure

7.1 There is no maximum ceiling for CSR expenditure by the Company. However, as per clause 135 of the Companies Act, the Company shall spend a minimum of 2% of average net profit of the preceding 3 years for CSR activities. The net profit means, the profit of the Company as per financial statements prepared in accordance with the applicable provision of the Act but shall not include any profit arising from any overseas branch or branches, dividends received from any other Companies in India. The surplus, if any, arising out of CSR projects or programs or activities shall not form part of the business profits of the Company. Based on the above statutory guidelines, CSR Committee of the Board may stipulate suitable over all limit for incurring expenditure for different CSR activities approved by the Board.

7.2 The expenditure for various projects, programs and activities are to be decided at the initial stage by the CSR Department of the Company and such projects, programs and activities are to be approved by the CSR Committee of the Board. Once these projects, programs are approved by the CSR Committee, expenses for such activities may be permitted by the MD or DMD of the Company or such other officer authorized by MD.

7.3 Actual Formation.....

Following are the persons who constitute the CSR Committee of the Company:

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| 1. Mr. Prashant Sutar | Director |
| 2. Mr. Umesh Patil | Director |

- 7.4 The expenditure incurred for CSR activities by the Company are subject to audit by the Internal Auditors of the Company. Such audit shall be carried out at half yearly or such other intervals as may be advised by the CSR Committee of the Board. The details of the expenditure incurred on various CSR activities under taken by the Company, the progress of various activities, balance amount to be spent etc. are to be internally reviewed and placed before the CSR Committee at periodical intervals, say once in a half year as at Sept. and March every year by the CSR dept.
- 7.5 At the end of each financial year, the Company shall prepare an annual report on CSR Containing the particulars.
- 7.6 The Board shall ensure that the administrative overheads for CSR activities shall not exceed 5% of total CSR expenditure of the company for the financial year.
- 7.7 Any surplus arising out of the CSR activities shall not form part of the business profit of a 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. Until a fund is specified in Schedule VII for the purposes of subsection (5) and(6) of section 135 of the Act, the unspent CSR amount, if any, shall be transferred by the company to any fund included in schedule VII of the Act.
- 7.8 Any amount remaining unspent under sub-section (5), pursuant to any ongoing project, fulfilling such conditions as may be

prescribed, undertaken by a company in pursuance of its Corporate Social Responsibility Policy, shall be transferred by the company within a period of thirty days from the end of the financial year to a special account to be opened by the company in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account, and such amount shall be spent by the company in pursuance of its obligation towards the Corporate Social Responsibility 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, within a period of thirty days from the date of completion of the third financial year.

- 7.9 Where a company spends an amount in excess of requirement provided under sub-section (5) of section 135, such excess amount may be set off against the requirement to spend under sub-section (5) of section 135 up to immediate succeeding three 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 sub- rule (2) of this rule. (b) The Board shall pass a resolution to that effect.
- 7.10 The CSR amount may be spent by a 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.
- 7.11 The Board's Report shall include an Annual Report on CSR pertaining to a financial year, containing particulars specified in Annexure 1 or Annexure 2, as applicable.

- 7.12 The company with average CSR obligation of ten crore rupees or more 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.
- 7.13 The impact assessment reports shall be placed before the Board and shall be annexed to the Annual Report on CSR.
- 7.14 The expenditure on account of impact assessment towards Corporate Social Responsibility for that financial year, shall not exceed five percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is less.”

8. **Monitoring the CSR activities**

- 8.1 Various CSR activities, projects and programs are to be monitored by the Company and progress is to be reported to be CSR committee of the Board at periodical intervals- once in a half year or such other shorter intervals as may be required by the CSR Committee of the Board, in the proforma similar to the annual report as furnished in the Annexure-1.

9. **Display of CSR activities in the website**

- 9.1 The contents of the CSR policy of the Company as approved by the Board shall be displayed in the Companies official website. Further, the annual report as per Annexure-2 shall also be displayed in the Company’s website for public view.

ANNEXURE -1

Board has permitted the following activities where we can contribute/
involve ourselves through our CSR activities:

1	2	3	4	5	6	7
SL NO	CSR Project or Activity identified	Sector in which the Project is covered	Projects or Programs	Amount approved	Amount spent	Cumulative Expenditure upto the reporting period