



AARVI ENCON LIMITED
CIN: L29290MH1987PLC045499

CORPORATE SOCIAL RESPONSIBILITY POLICY

1. PREAMBLE:

In accordance with the provisions of Section 135 of Companies Act, 2013, read-with Schedule VII of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 ("CSR Rules"), the Corporate Social Responsibility ("CSR") Policy of Aarvi Encon Limited ("the Company") is formulated by the Board of Directors of the Company at its meeting held on 30th August, 2019. This policy is subject to the provisions of the aforesaid Act and Rules (as amended from time to time).

The Company adheres to highest level of ethical standards, and also as a responsible corporate citizen, the Company is committed to sustainable development and inclusive growth and has been focusing on issues relating to water, environment, healthy living, social advancement and promoting gender equality and empowerment of women.

This policy, which encompasses the company's philosophy for outlining its social responsibility lays down the guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of the community at large.

2. OBJECTIVE:

The purpose of this Policy is to articulate what CSR means to the Company, kind of projects to be undertaken, identifying broad areas of intervention, approach to be adopted to achieve the CSR goals and monitoring and reporting mechanism. This Policy is aligned with the Company's objectives, principles and values, for delineating its responsibility as a socially and environmentally responsible corporate citizen.

The main objective of the CSR Policy is to lay down guidelines for the Company to make CSR as one of the key focus areas to adhere to making a positive contribution to society through high impact, sustainable programs.

This Policy covers current as well as proposed CSR activities to be undertaken by the Company and examining their alignment with Schedule VII of the Act as amended from time to time, the Company focuses its efforts on eradication of poverty, hunger and malnutrition, promotion of social welfare, empowering women, research, education and shelter, medical camps and environmental sustainability.

3. DEFINITIONS:

- "Act" means the Companies Act, 2013, as amended from time to time;
- "Board" means the Board of Directors of the Company;



- **“Company”** means Aarvi Encon Limited.
- **“CSR”** means the activities undertaken by the Company in pursuance of its statutory obligation laid down in the Section 135 of the Act as per the provisions contained in Corporate Social Responsibility Rules, as may be modified from time to time.
- **“CSR Activities”** shall mean the projects and / or programs undertaken by the Company either directly or indirectly pursuant to Applicable Laws in accordance with this CSR Policy.
- **“CSR Expenditure”** shall include all expenditures including contribution to the corpus, for projects or programs relating to CSR activities approved by the Board.
- **“Implementation Agencies”** any other trust, society or company or any entity established under an Act of parliament or a state legislature or any other agency which is eligible to undertake CSR Activities, on behalf of the Company in compliance with the Applicable Laws.

4. CSR FOCUS AREAS

In line with the Company’s vision, values and mission, the Board of Directors endeavor to support all the following listed activities as per Schedule VII of the Act and focus on some of these identified areas from time to time:

- (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 centers 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 recognized sports, paralympic sports and olympic sports;

(viii) contribution to the Prime Minister's National Relief Fund or Prime Minister's Central Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Schedules 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.

Explanation:- For the purposes of this item, the term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.

5. CSR COMMITTEE AND ITS ROLE AND RESPONSIBILITIES:

In case the amount to be spent by the Company towards CSR exceeds the limit of Fifty Lakh Rupees, the Company is mandatorily required to constitute CSR Committee in compliance with provisions of Section 135 of the Act to discharge following functions relating to CSR:

- To formulate and recommend to the Board, a Corporate Social Responsibility Policy and amendments thereto, which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of Companies Act, 2013;
- To recommend the amount of expenditure to be incurred on the CSR activities;
- To monitor the implementation of the CSR Policy of the Company from time to time;
- To take all necessary actions as may be necessary or desirable and also to settle any



question or difficulty or doubts that may arise with regards to Corporate Social Responsibility activities/Policy of the Company;

- Any other function as may be assigned by the board from time to time in relation to CSR activities of the Company.

6. CSR EXPENDITURE:

- The Board shall ensure that the company spends, in every financial year, at least two per cent. of the average net profits of the company made during the three immediately preceding financial years;

“Explanation: Net profit shall be calculated in accordance with the provisions of section 198 of the Act.”

- The company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for CSR activities;
- CSR expenditure shall include all expenditure including contribution to corpus for projects or programs relating to CSR activities approved by the Board on the recommendation of the CSR Committee, as and when applicable, as Annual Action Plan, but do 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;
- The Company shall not consider any administrative expenses, except the cost of Impact Assessment, in meeting its CSR obligation, provided that, such costs shall not exceed the cap for such impact assessments, prescribed under Applicable Laws;
- The surplus arising out of the CSR projects or programs or 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.
- 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:
 - i. 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 rule 7 of CSR rules.
 - ii. the Board of the company shall pass a resolution to that effect.
- 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

- If the company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134, specify the reasons for not spending the amount.
- Unless the unspent amount relates to any ongoing project referred to in sub-section (6), 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.
- Any amount remaining unspent under sub-section (5), pursuant to any ongoing project 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.
- The Board shall review the status of implementation and fund utilization of the various projects and programmes as per approved Annual Action Plan at least once in a year.
- For the Board to satisfy itself that disbursed CSR funds have been utilized for its intended use, it can rely on the certificate issued by the head / authorised representative of the Implementation Agency.

7. DISCLOSURE:

- The Company shall disclose the contents of this policy in its Report and the same shall be displayed on the Company’s website.
- Annual report on CSR Activities shall be included in the Board’s Report forming part of Company’s Annual Report.

8. AMENDMENTS TO THE CSR POLICY:



This Policy is framed based on the provisions of the Act. In case of any subsequent changes in the provisions of the Act, which makes any of the provisions in the Policy inconsistent with the Act, then the provisions of the Act would prevail over the Policy.

The Company Secretary, or any director of the Company shall have the powers to amend this Policy to give effect to any such changes/ amendments and the amended Policy shall be placed before the Board for noting and ratification.

***Note:**

- 1. Approved and Adopted by the Board of Directors at their meeting held on 30th August, 2019*
- 2. Amended and Approved by the Board of Directors at their meetings held on 30th June, 2020, 26th May, 2022 and 03rd May, 2025.*