



APAR INDUSTRIES LIMITED

POLICY ON CORPORATE SOCIAL RESPONSIBILITY

1. Need for Corporate Social Responsibility :

The Rules in respect of “Corporate Social Responsibility” (CSR) are enumerated in the Companies (Corporate Social Responsibility Policy) Rules, 2014 framed under Section 135 of the Companies Act, 2013 and the said Rules shall be applicable from Financial Year 2014-15.

Section 135 (5) of the Companies Act, 2013 requires that the Board of Directors of every Company having Net Worth of Rupees 500 Crores or more, or Turnover of Rupees 1,000 Crores or more or a Net Profit of Rupees 5 Crores or more during any financial year shall ensure that the Company spends, in every financial year, at least 2 % of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy.

The Company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities.

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.

Explanation.— For the purposes of this section “average net profit” shall be calculated in accordance with the provisions of Section 198.

2. Formation of Corporate Social Responsibility Committee of the Board :

In terms of the provisions of Section 135(1) of the Companies Act, 2013, the Company shall constitute a Corporate Social Responsibility Committee of the Board of Directors. Such Committee should consist of 3 or more Directors, out of which at least 1 Director shall be an independent Director.

The Directors’ Report shall disclose the composition of the Corporate Social Responsibility Committee.

3. Functions of Corporate Social Responsibility Committee :

The Corporate Social Responsibility Committee shall,—

- 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 para 4;
- recommend the amount of expenditure to be incurred on the activities referred to in para 4; and
- monitor the Corporate Social Responsibility Policy of the company from time to time.

- prepare a transparent monitoring mechanism for ensuring implementation of the projects / programmes / activities proposed to be undertaken by the Company.
- specify the projects and programmes that are to be undertaken.
- prepare a list of CSR projects / programmes which a company plans to undertake during the implementation year, specifying modalities of execution in the areas / sectors chosen and implementation schedules for the same.
- may also focus on integrating business models with social and environmental priorities and processes in order to create shared value.
- Ensure that surplus arising out of the CSR activity will not be part of business profits of a company

The CSR Policy would specify that the corpus would include the following:

- i. 2% of the average net profits,
- ii. any income arising therefrom
- iii. surplus arising out of CSR activities.

4. Activities to be undertaken in CSR:

Only such CSR activities will be taken into consideration as are undertaken within India and only activities which are exclusively for the benefit of employees of the Company or their family members shall not be considered as CSR activity.

The activities to be undertaken by the Company as specified in Schedule VII of the Companies Act 2013 are :

- (i) eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation *including contribution to the Swachh 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 vocational skills especially among children, women, elderly and 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 arts and handicrafts;
- (vi) measures for the benefit of armed forces veterans, war widows and their dependents;

- (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 any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- (ix) contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- (x) rural development projects.

5. Other provisions :

Where a company has set up an organization which is registered as a Trust or Section 8 Company, or Society or Foundation or any other form of entity operating *within India* to facilitate implementation of its CSR activities in accordance with its stated CSR Policy, the following shall apply:

- a. The contributing company would need to specify the projects / programmes to be undertaken by such an organization, for utilizing funds provided by it;
- b. The contributing company shall establish a monitoring mechanism to ensure that the allocation is spent for the intended purpose only;

A company may also conduct / implement its CSR programmes through Trusts, Societies, or Section 8 companies *operating* in India, which are not set up by the Company itself.

Such spends may be included as part of its prescribed CSR spend only if such organizations have an established track record of at least three years in carrying on activities in related areas.

Companies may collaborate or pool resources with other companies to undertake CSR activities and any expenditure incurred on such collaborative efforts would qualify for computing the CSR spending.

Only such CSR activities will be taken into consideration as are undertaken within India.

Only activities which are not exclusively for the benefit of employees of the company or their family members shall be considered as CSR activity.

Company shall report, in the prescribed format (attached below), the details of their CSR initiatives in the Directors' Report and in the company's website.

FORMAT FOR THE ANNUAL REPORT ON CSR INITIATIVES TO BE INCLUDED IN THE BOARD REPORT BY QUALIFYING COMPANIES

1. A brief outline of the company's CSR policy including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programmes.
2. The composition of the CSR Committee.
3. Average Net Profit of the company for last 3 financial years

4. Prescribed CSR Expenditure (2% of this amount as in item 3 above)
5. Details of CSR spent during the financial year:
 - a. Total amount to be spent for the financial year:
 - b. Amount unspent, if any;
 - c. Manner in which the amount spent during the financial year is detailed below :

| 1. | 2. | 3. | 4. | 5. | 6. | 7. | 8. |
|---------|------------------------------------|--|---|---|--|--|---|
| Sr. No. | CSR project or activity identified | Sector in which the Project is covered | Projects/ Programmes 1.Local area or other 2.specify the State and district where projects or programs was undertaken | Amount outlay (budget) Project or Programs wise | Amount spent on the projects or programs <u>Subheads:</u> 1.Direct expenditure on projects or programs, 2.Over-heads: | Cumulative expenditure upto to the reporting period. | Amount spent: Direct or through implementing agency |
| 1. | | | | | | | |
| 2. | | | | | | | |
| 3. | | | | | | | |
| | TOTAL | | | | | | |

**Give details of implementing Agency:*

6. In case the company has failed to spend the 2% of the Average Net Profit of the last 3 financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report.
7. A Responsibility statement, of the CSR Committee, that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

| | | |
|---|---|--|
| Sd/- (Chief Executive Officer or Managing Director or Director) | Sd/- (Chairman CSR Committee) | Sd/- (Person specified under clause (d) of sub-section (1) of Section 380 of the Act) (wherever applicable) |
|---|---|--|