

AZTEC FLUIDS & MACHINERY LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY

CSR POLICY

1. INTRODUCTION

Aztec Fluids & Machinery Limited is committed to improve the lives of the society in which it operates. The Company believes in “looking beyond business” and strives to create a positive impact on the communities it serves and on the environment. The Company is committed not just to profits, but also towards leaving a deeper imprint on the society as a whole. We understand that there is a need to strike a balance between the overall objectives of achieving corporate excellence vis-a-vis the company’s responsibilities towards the community.

2. OBJECTIVE

The objective of the policy is to actively contribute towards educational facilities improvement in order to promote social, environmental and economic development of the society in which we operate.

3. DEFINITIONS

The terms defined in this CSR Policy shall have the meanings herein specified and terms not defined shall have the meanings as defined in the Companies Act, 2013 and Companies (Corporate Social Responsibility) Rules, 2014 including any statutory modifications or reenactments thereof.

“**Act**” means the Companies Act, 2013 including any statutory modification or re-enactment thereof.

“**Average Net Profit**” means profit calculated as per Section 198 of the Companies Act, 2013.

“**Board**” means the Board of Directors of the Company.

“**Board’s Report**” shall mean report of the Board of Directors prepared in accordance with section 134(3) of the Companies Act, 2013.

“**Company**” means Aztec Fluids & Machinery Limited

“**CSR**” means Corporate Social Responsibility.

“**CSR activities**” means the activities or projects or programmes as recommended by the CSR Committee and approved by the Board, undertaken by the Company from time to time in any one or more of the areas falling under Schedule VII to the Companies Act, 2013.

“**CSR Committee**” means the Committee of the Board constituted under section 135 of the Act for the purpose of administration of CSR activities, supervising the adherence of this CSR Policy and the matter incidental thereto.

“**CSR Policy**” means the Corporate Social Responsibility Policy as set out herein and as amended or modified from time to time.

“**CSR Rules**” means Companies (Corporate Social Responsibility Policy) Rules, 2014.

“**Independent Director**” means a non-executive director of the Company within the meaning of section 2(47) of the Companies Act, 2013 and Regulation 16 (1) (b) of the SEBI (LODR) Regulations, 2015 entered with the Stock Exchange(s).

“**Net profit**” means the net profit of the Company as per its financial statement prepared in accordance with the applicable provisions of the Act but shall not include the following namely –

- any profit arising from any overseas branch or branches of the Company, whether operated as a separate Company or otherwise; and
- any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act.

“SEBI” means the Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992.

4. IMPLEMENTATION OF THE CSR POLICY

1. The Board shall be responsible for implementing the mandate of the CSR Policy and shall ensure that the CSR Activities are carried out in accordance with the CSR Policy read with the Act and CSR Rules.
2. The Board shall constitute an implementation group for the purposes of implementation of the CSR Activities approved by the Board from time to time (the “Implementation Group”) and submitting report of the progress on the CSR Activities to the Board as well as the CSR Committee.
3. Mode of Implementation: The CSR Activities may be undertaken by the Company directly through the Implementation Group or with the prior approval of the Board,
 - (i) Through a Trust, or a Society or a company established by the Company or its holding or subsidiary or associate company under Section 8 of the Act or otherwise; and/ or
 - (ii) Through a Trust, or a Society or a company established under section 8 of the Act with a established track record of three years in undertaking similar programs or projects; and/ or
 - (iii) In collaboration with other companies or NGOs
 - (iv) In collaboration with any Industry Body coordinating such activities
 - (v) Direct contribution / implementation of any project approved by CSR committee/Board
 - (vi) Contribution to PM Relief Fund or any other fund as may be notified by Govt
 - (vii) Voluntary work undertaken by its employees and logged on to Global Volunteer Month web site or monitored in any other way by the company.

(the entities referred to under sub-clause (i) and (ii) above, are hereinafter referred to as “Implementing Agencies”).
4. The Board shall empower the Implementation Group to finalize, approve and execute various agreements, deeds, writings, confirmations, undertakings or other documents, as may be necessary, under the Common Seal of the Company or otherwise, with any party including Implementing Agencies and/or others for the purposes of the CSR Policy and accept modifications, changes and amendments to any such documents/ agreements as it may deem fit.
5. In case of failure to ensure the minimum CSR Expenditure, details reasons for the same should be submitted by the Implementation Group to the Board, who shall include the same in their report.

5. CSR COMMITTEE

1. The CSR Committee shall be responsible for providing recommendations to the Board with respect to CSR Activities that may be undertaken by the Company in accordance with the CSR Policy as well as the Act and the CSR Rules.
2. The CSR Committee shall consist of at least two / three directors of the Company having atleast two / three directors as the case may be. The number of members of the CSR Committee and their powers and functions can be specified, varied, altered or modified from time to time by the Board, subject to the provisions of the applicable law.
3. The CSR Committee shall hold meetings which shall be attended by minimum of two members of the Committee. The meetings shall be held at the registered office or at any other place as may be agreed by the members of the Committee.
4. All questions of interpretation or discrepancies which shall arise under, or as a result of, or pursuant to, or in connection with the implementation of the CSR Policy or any initiative or activities undertaken by the Company in terms of the CSR Policy, shall be referred to the CSR Committee for their inputs and the final decision/determination/ interpretation shall rest with the Board.
5. No member of the CSR Committee shall be personally liable for any decision or action taken in good faith with respect to the CSR Policy.
6. Where the amount to be spent by a company as CSR Expenditure not exceed fifty lakh rupees, the requirement for constitution of the Corporate Social Responsibility Committee shall not be applicable and the functions of such Committee provided under this section shall, in such cases, be discharged by the Board of Directors of such company.

6. CSR EXPENDITURE

1. The CSR Committee shall recommend the amount of CSR Expenditure to be incurred in a year, in accordance with the Act and the Rules. For this purpose, the Board shall ensure a designated officer from the [finance department] of the Company provides the relevant financial data and such other necessary details to the CSR Committee to enable the Committee to recommend to amount of CSR Expenditure to the Board.
2. The Board shall be responsible for sanctioning the CSR Expenditure and taking steps to ensure that the amount for the CSR Expenditure is available to the Implementation Group for application towards the CSR Activities.
3. The Board shall ensure that the CSR Expenditure in a financial year is at least at two per cent of the average Net Profits of the Company made during the three immediately preceding financial years.
4. Any surplus arising out of the CSR Activities shall not form part of the business profit of the Company and may only be re-allocated to the CSR Activities being undertaken in terms of this CSR Policy.
5. In order to count towards CSR Expenditure, CSR Activities must be carried out in India and should not be solely for the benefit of the employees of the Company and their families.

6. Any amounts contributed directly or indirectly to any political party under Section 182 of the Act will not count towards CSR Expenditure or considered a part of CSR Activities.
7. Any amounts expended while undertaking activities in pursuance of normal course of business of a Company or on an item not in conformity or in line with activities set out in Schedule VII of the Act, will not form a part of CSR Expenditure.
 - a. Board shall ensure that expenditure, if any incurred towards any capacity building exercise internally or of Implementing Agencies through institutions with established track record of at least three financial years, as the case may be, shall not exceed five percent of the CSR Expenditure in one financial year.

7. CSR ACTIVITIES

The Company may undertake any of the following activities as its CSR activities

1. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects, monetary contributions to academic institutions for establishing endowment funds, chairs, library, laboratories, provision of funding for continued education etc., with the objective of assisting students in their studies, this also includes skilling and reskilling initiatives for those who are in need.
2. To promote literacy activities to people in villages, organizing school activities for mentally and physically challenged children in rural areas.
3. Eradicating hunger, poverty and malnutrition (promoting 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.
4. 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.
5. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining the quality of soil, air and water [including contribution to the Clean Ganga Fund set up by the Central Government for rejuvenation of river Ganga].
6. 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;
7. Measures for the benefit of armed forces veterans, war widows and their dependents;
8. Training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports.

9. 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 scheduled caste, tribes, other backward classes, minorities and women;
10. Contribution to incubators funded by Central Government or State Government or any agency or Public Sector Undertaking of Central Government or State Government, and contributions to public-funded Universities, Indian Institute of Technology (IITs), National Laboratories and Autonomous Bodies (established under the auspices of Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR), Council of Scientific and Industrial Research (CSIR), Department of Atomic Energy (DAE), Defence Research and Development Organisation (DRDO), [Department of Biotechnology (DBT)], Department of Science and Technology (DST), Ministry of Electronics and Information Technology) engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).
11. Rural development projects
12. Slum area development.

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.

13. Disaster management, including relief, rehabilitation and reconstruction activities.

The CSR activities (either new or ongoing) shall be undertaken by the Company in accordance with this policy and shall exclude activities undertaken in pursuance of its normal course of business.

Subject to the provisions of section 135(5) of the Act, the CSR projects or programs or activities undertaken in India only shall qualify for CSR expenditure.

The CSR programs or projects or activities that benefit only the employees of the Company and their families shall not be considered as CSR activities in accordance with the Act. Contribution of any amount directly or indirectly to any political party under section 182 of the Act shall not be considered as CSR activity.

Companies may build CSR capacities of their own personnel as well as those of their implementing agencies through institutions with established track records of at least three financial years but such expenditure including expenditure on administrative overheads shall not exceed five percent of total CSR expenditure of the company in one financial year.

Any surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of a company.

8. MONITORING THE CSR POLICY

CSR Committee shall monitor periodically the implementation of the projects/ programs/activities undertaken by the Company and report to the Board on a regular basis the progress of CSR activities.

9. REPORTING AND RECORD KEEPING

1. The CSR Committee shall maintain proper minutes of all its meeting.
2. The Board's report of the Company shall include an annual report on CSR containing the particulars as may be prescribed from time to time under the Act and the CSR Rules.
3. The Board will be responsible to ensure that:
 - (i) The report of the Board includes the annual report on CSR Activities of the Company and sets out the requisite information in terms of the Act and the Rules;
 - (ii) The contents of the latest and updated version of the CSR Policy is included in the report of the Board;
 - (iii) The contents of such policy are also made available on the website (if any) of the Company as per the particulars specified in the Annexure A.
 - (iv) In case of failure to ensure the minimum CSR Expenditure, detailed reasons for the same are adequately disclosed in the Board Report.

AMENDMENT

The Board of the Company may, subject to compliance with applicable law, at any time alter, amend or modify the CSR Policy as it deems fit to comply with the statutory obligation of the Company to undertake the CSR Activities.
