

# **CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY**

## **OVERVIEW**

The Vanaz Engineers Limited (hereinafter referred as “Vanaz” or “Company”) enjoys a legacy of making a positive difference in the areas of socio – economic development of the less privileged communities and other stakeholders, by being a responsible business entity through adoption of appropriate business processes and strategies and by carrying out various initiatives towards its social obligations towards society in the vicinity of locations of the manufacturing plants of the Company as well as in other locations.

The focus of CSR activities of Vanaz has been on Education, Environment and Health, Eradication of poverty, uplifting of living of poor, helping old age peoples & orphans, Women empowerment, Promotion of scientific activity, Social service etc. with the intention of integrating these objectives with those of the operations and growth of the Company.

In addition to undertaking direct CSR activities, the Vanaz has a philosophy of built-in, self-regulating mechanism whereby each entity monitors and ensures its active compliance with the spirit of the law, ethical standards, and international norms.

## **CSR AT VANAZ ENGINEERS LIMITED**

1. The Company draws its inspiration for conducting CSR activities from its Founder Shri. Sambhaji K. Khandekar. The focus of CSR activities undertaken by Vanaz is and will be on Education, Environment and Health, Eradication of poverty, uplifting of living of poor, helping old age people etc.
2. While devising product, utmost importance shall be given to the aspect of environment friendly nature of products and their impact on the society at large.
3. The Company is committed to uphold the interests of all the stakeholders by implementing the guidelines given in the Business Excellence Model.

## **CSR Committee**

The Members of CSR committee shall be appointed by the Board of Directors of the Company which must consist of at least three or more Directors out of which at least one director shall be an Independent Director or such other composition prescribed under Section 135 of the Act from time to time.

The Chairperson of the CSR Committee shall submit his report to the CSR Committee, setting out details of CSR activities undertaken and money expended towards these and the outcome of these activities where possible.

The Company shall:

- a. where required, create a working group to develop the CSR Commitments of the Company;

- b. include employees in the process of implementing the CSR activities being carried out by the Company.
- c. review the CSR priorities to determine which codes of ethics or conduct fit best with the Company's goals.

#### **MEETINGS OF THE CSR COMMITTEE**

The CSR Committee shall meet as and when required. Minimum two members of the Committee shall be present to form the quorum for the meeting. The Members of the Committee may participate in the meeting either in person or through video conferencing or other audio visual means in accordance with the provisions of the Companies Act, 2013 and rules made thereunder from time to time. Other Members of the Senior Management may attend the CSR Committee Meetings as may be appropriate, subject to the approval of the CSR Committee. Minutes of the CSR Committee shall be placed before the Board for noting.

#### **Powers and Functions of the Committee :**

Following are the Powers and functions of the CSR Committee:

The committee will also have the powers that are enshrined in the act or the rules there under:

- (i) To formulate/amend CSR Policy and recommend the same to the Board of Directors of the Company for approval
- (ii) To Recommend CSR activities as stated under Schedule VII of the Act
- (iii) To Approve to undertake CSR activities in collaboration with Group companies/ other Companies/firms/NGOs etc. and to separately report the same in accordance with the CSR Rules
- (iv) To Recommend the CSR Budget.
- (v) To Spend the allocated CSR amount on the CSR activities once it is approved by the Board of Directors of the Company in accordance with the Act and the CSR Rules either directly or through a trust or as allowed by the Law for the time being in force.
- (vi) To Create transparent monitoring mechanism for implementation of CSR Initiatives in India.
- (vii) To Submit the Reports to the Board in respect of the CSR activities undertaken by the Company .
- (viii) To Monitor CSR Policy from time to time.
- (ix) To Monitor activities of persons authorized to ensure that the CSR activities of the Company are implemented effectively.

(x) To Authorize executives of the Company to attend the CSR Committee Meetings.

#### **CSR BUDGET/CSR SPEND**

- It will be the Company's endeavour to spend in every financial year, two percent of its average net profits during the three immediately preceding financial years (or such other limit as may be prescribed under the Act), on CSR Programmes in pursuance of this Policy.
- These CSR initiatives may be carried out through various programs / projects, preferably which are located / operate from the vicinity of the various manufacturing plants of Vanaz.
- The CSR expenditure will include all expenditure, direct and indirect, incurred by the Company on CSR Programmes undertaken in accordance with the CSR Plan.
- Administrative overheads i.e expenditure on 'general management and administration' of Corporate Social Responsibility functions in the company shall not exceed five percent of total CSR expenditure of the company for the financial year
- Any surplus arising from the CSR Programmes will be used for CSR activities within six months from the end of the relevant financial year. Accordingly, any income arising from CSR Programmes will be netted off from the CSR expenditure and such net amount will be reported as CSR expenditure. Any surplus arising out of any of the CSR activities carried out by the Company will not be treated as part of the business profits of the Company.
- If CSR expenditure in a financial year exceeds the statutory limit, such excess may be set-off against CSR expenditure for the next three financial years with the approval of the Board, on the recommendation of the CSR.
- The Company may also undertake any multiyear project within the ambit of Schedule VII of the Act read with this Policy as a CSR Project. The CSR Committee shall study the timelines required for completion of the CSR project and can carry/execute such project as on going project with the approval of the Board and complying with the provisions of Section 135(6) of the Act. The Board of a Company 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

"Ongoing Project" means a multi-year project undertaken by a 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.

- 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;
- Any unspent CSR amount which does not relate to any ongoing project shall be transferred to a fund Specified in Schedule VII of the Act within a period of 6 (Six) months of the expiry of the Financial year.

#### **CSR INITIATIVES**

In line with Schedule VII of the Act and the CSR Rules, the Company shall undertake CSR activities included in its Annual CSR action plan, as recommended by the CSR Committee at the beginning of each year. The Committee is authorized to approve any modification to the existing Annual CSR Plan or to propose any new program during the financial year under review.

#### **Annual CSR Plan**

The Annual CSR Plan is a yearly plan of CSR activities that would be placed before the Board of Directors of the Company based on recommendation of its CSR Committee which outlines the following aspects of CSR initiatives of the Company

- the list of CSR projects or programmes 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 programmes
- the modalities of utilisation of funds and implementation schedules for the projects or programmes
- monitoring and reporting mechanism for the projects or programmes
- details of need and impact assessment, if any, for the projects undertaken by the company

### **Disqualifying Activities for CSR :**

Any amount not allowed under the act will not be considered as CSR activities.

The CSR Rules prohibit the following as CSR

1. activities for benefit of the employees of the Company.
2. CSR activities undertaken outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level
3. Any amount directly or indirectly contributed towards any political party under Section 182 of the Act.
4. Activities that are undertaken by the Company in pursuance of its normal course of business
5. Activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;
6. Activities carried out for fulfilment of any other statutory obligations under any law in force in India.

### **Monitoring Mechanism**

CSR Committee would monitor all the CSR activities, projects and programs by following mechanism:

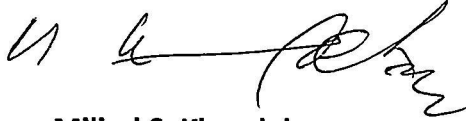
- Periodic reporting by Working Committee if CSR working committee is constituted by the CSR committee.
- Periodic review of the progress of the project or programmes by the CSR committee.
- Visits to the locations or site of the project or programme, if required.
- Achievement since the last progress report in terms of coverage compared to target and reason for variance.
- Actual year to date spends compared to budget and reason for variance.

### **REPORTS**

The Chief Financial Officer of the Company or a person responsible for finance function shall Report to the Board about the fund disbursed during /for the Financial Year toward various CSR projects or programs have been utilised for the purposes and in the manner as approved by the Board.

**POLICY REVIEW & FUTURE AMENDMENT**

The Committee shall review its CSR Policy from time to time and make suitable changes as may be required and submit the same for the approval of the Board.

A handwritten signature in black ink, appearing to read 'M. S. Khandekar', with a stylized flourish at the end.

**Name: Milind S. Khandekar**

**Designation: Chairman & Managing Director**

**DIN: 01539892**