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CORPORATE SOCIAL RESPONSIBILITY POLICY

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1. BACKGROUND & INTRODUCTION

This document lays down the framework of Corporate Social Responsibility at Arfin India Limited and defines the Policy for the same. This document shall be under the authority of the Board of Directors of the Company.

The Corporate Social Responsibility (CSR) Policy of the Arfin is aligned with its overall commitment to maintaining the highest standards of business performance. We recognize that our business activities have direct and indirect impact on the society.

The Company strives to integrate its business values and operations in an ethical and transparent manner to demonstrate its commitment to sustainable development and to meet the interests of its stakeholders.

❖ Scope of CSR Policy

To take an active role and responsibility in empowering local communities to achieve their ambitions focusing on environmental growth, socio – economic development, achieve positive perception of Arfin in areas of operation & demonstrate leadership in Corporate Citizenship.

❖ Applicability

This Policy shall apply to all the CSR initiatives and activities taken up at Arfin, for the benefit of different segments of the society, specifically the deprived, under-privileged and differently abled people.

❖ Definition

“Act”

– Act hereinafter means The Companies Act, 2013

“Board”

– means Board of Directors of the Company

“CSR”

– means the activities undertaken by a Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in these rules, but shall not include the following, namely:-

(i) activities undertaken in pursuance of normal course of business of the company: Provided that any company engaged in research and development activity of new vaccine, drugs and medical devices in their normal course of business may undertake research and development activity of new vaccine, drugs and medical devices related to COVID-19 for financial years 2020-21, 2021-22, 2022-23 subject to the conditions that

(a) such research and development activities shall be carried out in collaboration with any of the institutes or organisations mentioned in item (ix) of Schedule VII to the Act;

(b) details of such activity shall be disclosed separately in the Annual report on CSR included in the Board's Report;

any activity undertaken by the company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;

(iii) contribution of any amount directly or indirectly to any political party under section 182 of the Act;

(iv) activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);

(v) activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;

(vi) activities carried out for fulfillment of any other statutory obligations under any law in force in India;

"Committee"

– means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act.

"Policy"

– means a statement containing the approach and direction given by the board of a company, taking into account the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan;

“Rules”

– means Companies “Corporate Social Responsibility” Rules, 2014

“Administrative overheads”

– means the expenses incurred by the company for ‘general management and administration’ of Corporate Social Responsibility functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme.

“Net profit”

– means the net profit of a company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely:-

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

Provided that in case of a foreign company covered under these rules, net profit means the net profit of such company as per profit and loss account prepared in terms of clause (a) of sub-section (1) of section 381, read with section 198 of the Act;

“Ongoing Project”

means a multi-year project undertaken by a Company in fulfillment 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;

“Public Authority”

– means ‘Public Authority’ as defined in clause (h) of section 2 of the Right to Information Act, 2005 (22 of 2005);

“Section”

– means a section of the Companies Act, 2013.

2. CSR DRIVING PRINCIPLES AT ARFIN

❖ Vision

In line with Arfin's Vision, through its CSR initiatives, it will continue to enhance value creation in the society and in the community in which it operates, through its services, conduct & initiatives, so as to promote sustained growth for the society and community, in fulfillment of its role as a Socially Responsible Corporate, with environmental concern.

❖ Mission

The CSR Policy of Arfin aims to achieve, consolidate and strengthen Good Corporate Governance including socially and environmentally responsible business practices that balance financial profit with social well-being.

❖ Values & Commitment

Ensure an increased commitment at all levels in the organization, to operate its business in an economically, socially & environmentally sustainable manner, while recognizing the interests of all its stakeholders

To directly or indirectly take up activities those benefit the communities and results in enhancing the quality of life & economic well-being of the local populace.

To generate, through its CSR initiatives, a community goodwill for Arfin and help reinforce a positive & socially responsible image as a corporate entity.

3. CSR ACTIVITIES

For purposes of focusing its CSR efforts in a continued and effective manner, the following thrust Areas have been identified:

(i) eradicating hunger, poverty and malnutrition, promoting health care including 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 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 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 48[including contribution to the Clean Ganga Fund setup 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) measure for the benefit of armed force 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 Olympics 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 Schedule 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.

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.

(xii) disaster management, including relief, rehabilitation and reconstruction activities.

4. CSR IMPLEMENTATION

CSR Committee of the Company will be responsible for the monitoring of various CSR projects or programs undertaken by the Company directly or indirectly. The CSR Committee will meet whenever necessary and shall ensure that:

- I. Company undertakes the CSR activities as provided in the CSR policy.
- II. The projects / programs are implemented as per the program approved by the Board.
- III. The budget allocated for each of the project is utilized for the projects as per the approved plans.
- IV. The objective of the project / program is achieved as per the plans.
- V. Wherever projects / programs are undertaken in partnership with one or more organizations / trust / agencies, the part of the project or program undertaken by the Company shall be distinguishable and necessary supporting documents in respect of the same shall be obtained from the other partners / implementing agency on an annual basis.

The Board shall also comply with below mentioned provisions related to CSR Implementation as per Rule 4 of the Companies (Corporate Social Responsibility Policy) Rules, 2014.

(1) 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.

(2) (a) 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 01st day of April 2021:

Provided that the provisions of this sub-rule shall not affect the CSR projects or programmes approved prior to the 01st day of April 2021.

(b) Form CSR-1 shall be signed and submitted electronically by the entity and shall be verified digitally by a Chartered Accountant in practice or a Company Secretary in practice or a Cost Accountant in practice.

(c) On the submission of the Form CSR-1 on the portal, a unique CSR Registration Number shall be generated by the system automatically.

(3) A Company may engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy as well as for capacity building of their own personnel for CSR.

(4) A Company may also collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or programmes in accordance with these rules.

(5) The Board of a Company shall satisfy itself that the funds so disbursed have been utilised 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) In case of ongoing project, 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.

5. BUDGETARY ALLOCATION

The Company shall spend in every financial year, in which CSR Rules and Act applies to it, at least 2% of the average net profit of the Company made during the three immediately preceding financial years.

6. CSR MONITORING

The CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy, which shall include the following, namely:-

(a) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;

(b) the manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4;

(c) the modalities of utilisation of funds and implementation schedules for the projects or programmes;

(d) monitoring and reporting mechanism for the projects or programmes; and

(e) details of need and impact assessment, if any, for the projects undertaken by the Company;

Provided that Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.

7. CSR EXPENDITURE

(1) The Board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the Company for the financial year.

(2) 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.

(3) Where a Company spends an amount in excess of requirement provided under sub-section (5) of section 135 of the Companies Act, 2013, 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 this rule.

(ii) the Board of the Company shall pass a resolution to that effect.

(4) 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:

Provided that any capital asset created by a Company prior to the commencement of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, shall within a period of one hundred and eighty days from such commencement comply with the requirement of this rule, which may be extended by a further period of not more than ninety days with the approval of the Board based on reasonable justification.

8. CSR REPORTING

At the end of each financial year, the CSR committee shall prepare a report in the prescribed form relating to the CSR program / activities undertaken by the Company during the year and submit to the Board for its inclusion in the Board's report as per Annexure-I.

9. DISPLAY OF CSR ACTIVITIES ON ITS WEBSITE

The Board of Directors of the Company shall mandatorily disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on their website, if any, for public access

Annual Report on CSR Activities

1. Brief outline on CSR Policy of the Company:-

Focus areas:-

2. Composition of the CSR committee:-

Sr. No.	Name of Director	Designation / Nature of Directorship	Number of Meetings of CSR Committee Held During the Year	Number of Meetings of CSR Committee Attended During the Year

3. Provide the web-link where Composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the Company:-

4. Provide the Details of Impact Assessment of CSR Projects carried out in pursuance of Sub-Rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report):-

5. Details of the Amount Available for Set-off in pursuance of Sub-Rule (3) of Rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set-off for the financial year, if any:-

Sr. No.	Financial Year	Amount Available for Set-off from Preceding Financial Years (` in Lakhs)	Amount Required to be Set-off for the Financial Year, if any (` in Lakhs)

6. Average net profit of the Company as per Section 135(5):-

7. (a) Two percent of average net profit of the Company as per Section 135(5):-

8. (b) Surplus arising out of the CSR projects or programs or activities of the previous financial years:-

(c) Amount required to be set-off for the financial year, if any:-

(d) Total CSR obligation for the financial year (7a+7b-7c):-

9. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (` in Lakhs)	Amount Unspent (` in Lakhs)				
	Total Amount Transferred to Unspent CSR Account as per Section 135(6)		Amount Transferred to any Fund Specified under Schedule VII as per Second Proviso to Section 135(5)		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer

(b) Details of CSR amount spent against ongoing projects for the financial year:-

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sr. No.	Name of The Project	Item from the List of Activities in Schedule VII of the Act	Local Area (Yes / No)	Location of The Project		Project Duration	Amount Allocated for the Project	Amount Spent in the Current Financial Year (₹)	Amount Transferred to Unspent CSR Account for the Project as per Section 135(6) (₹)	Mode of Implementation - Direct (Yes/ No)	Mode of Implementation- Through Implementing Agency	
				State	District						Name	CSR Registration Number

(c) Details of CSR amount spent against other than ongoing projects for the financial year:-

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sr. No.	Name of the Project	Item from the List of Activities in Schedule VII of the Act	Local Area (Yes / No)	Location of the Project		Amount Spent for The Project (₹)	Mode of Implementation - Direct (Yes/ No)	Mode of Implementation- Through Implementing Agency	
				State	District			Name	CSR Registration Number

(d) Amount spent in administrative overheads:-

(e) Amount spent on impact assessment, if applicable:-

(f) Total amount spent for the financial year (8b+8c+8d+8e):-

(g) Excess amount for set-off, if any

Sr. No.	Particular	Amount (₹ in Lakhs)
(i)	Two percent of average net profit of the Company as per section 135(5)	
(ii)	Total amount spent for the Financial Year	
(iii)	Excess amount spent for the financial year [(ii)-(i)]	
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	

10. (a) Details of unspent CSR amount for the preceding three financial years:

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (₹)	Amount spent in the Reporting Financial Year (₹)	Amount transferred to any fund specified Under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (₹)
				Name of the Fund	Amount (₹)	Date of Transfer	

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):-

11. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details)

(a) Date of creation or acquisition of the capital asset(s):-

(b) Amount of CSR spent for creation or acquisition of capital asset:-

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.:-

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset):-

12. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per Section 135(5):-

Sd/-
(Chief Executive Officer or Managing Director or Director)

Sd/-
(Chairman CSR Committee)