



CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

1. PREAMBLE

Chemtech Industrial Valves Limited (“the Company”) is a listed public limited company incorporated under the Companies Act, 1956, bearing CIN No. L29299MH1997PLC105108, registered with the Registrar of Companies, Mumbai. The Company is engaged in engineering, manufacturing and trading of industrial valves serving sectors including steel, power, oil and gas, fertilizers, chemicals, cement and water treatment.

The Company believes that its business activities should contribute to sustainable and inclusive development of the communities in which it operates and to society at large. This Corporate Social Responsibility (“CSR”) Policy has been formulated in accordance with Section 135 of the Companies Act, 2013 (“the Act”), read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended by the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 (CSR Rules) and Schedule VII of the Act, and any amendments or modifications thereto from time to time.

2. OBJECTIVE

The objectives of this Policy are to:

- Define the framework for planning, implementation, monitoring and reporting of CSR activities by the Company.
- Specify the activities that can be undertaken by the Company as part of its CSR initiatives in consonance with Schedule VII of the Act.
- Prescribe the governance structure for CSR activities, including the role of the Board of Directors.
- Ensure that the prescribed CSR expenditure (minimum 2% of average net profit) is allocated and utilised effectively.
- Ensure transparency and accountability in the implementation of CSR activities through proper reporting mechanisms.
- Align the Company's social contributions with national development priorities and the needs of the communities it serves.

3. DEFINITIONS

In this Policy, unless the context otherwise requires:

Act: means the Companies Act, 2013, as amended from time to time.

Board: means the Board of Directors of Chemtech Industrial Valves Limited.

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Review date:

CSR: means Corporate Social Responsibility as defined under Rule 2(1)(d) of the CSR Rules, being activities that benefit society at large, undertaken pursuant to the Company's CSR Policy and falling within the purview of Schedule VII of the Act.

CSR Committee: means the Corporate Social Responsibility Committee constituted by the Board pursuant to Section 135(1) of the Act.

CSR Expenditure: means amounts spent by the Company towards CSR activities as per its CSR Policy in accordance with Section 135(5) of the Act.

CSR Policy: means this document, being a statement containing the approach and direction given by the Board, taking into account the recommendations of the CSR Committee, including guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan.

Net Profit: means net profit as calculated under Section 198 of the Act, excluding items as prescribed under Rule 2(1)(h) of the CSR Rules.

Ongoing Project: means a multi-year project undertaken in fulfilment of its CSR obligation having a timeline not exceeding three years, excluding the financial year in which it was commenced.

Annual Action Plan: means the plan formulated by the CSR Committee and approved by the Board specifying the list of CSR projects or programmes to be undertaken during the financial year.

4. CSR COMMITTEE – CONSTITUTION AND ROLE

The Company is not required to constitute CSR Committee, as its CSR expenditure is not exceeding fifty lakhs. Therefore, the functions of such Committee shall be discharged by Board of Directors.

The Board of Directors shall, inter alia:

- Formulate and recommend to the Board the CSR Policy indicating activities to be undertaken by the Company as per Schedule VII of the Act.
- Recommend the amount of expenditure to be incurred on CSR activities for each financial year (minimum 2% of average net profits of the last three financial years).
- Formulate the Annual Action Plan and recommend the same to the Board, specifying the list of CSR projects, manner of execution, implementation schedule, monitoring and reporting mechanism, and details of the implementing agencies.

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- Monitor the implementation of the CSR Policy and Annual Action Plan from time to time and report to the Board.
- Ensure proper utilisation of CSR funds and evaluate the impact of CSR activities.
- Institute a transparent monitoring mechanism for implementation of CSR projects or programmes or activities.
- Review and recommend any modification of the CSR Policy to the Board, as required.
- Ensure that the Company's CSR activities comply with applicable laws, rules and regulations, including the CSR Rules.

5. ROLE OF THE BOARD OF DIRECTORS

The Board of Directors of the Company shall:

- Approve the CSR Policy formulated and recommended by the CSR Committee.
- Disclose the contents of the CSR Policy in the Board's Report and on the Company's website.
- Ensure that the activities included in the CSR Policy are in consonance with Schedule VII of the Act.
- Approve the Annual Action Plan recommended by the CSR Committee.
- Ensure that the Company spends, in every financial year, at least 2% of the average net profits made during the three immediately preceding financial years (or three years where the Company has not completed three financial years since incorporation), in pursuance of its CSR Policy.
- If the Company fails to spend such amount, specify in the Board's Report the reasons for not spending such amount and, unless relating to an ongoing project, transfer the unspent amount to a Fund as specified in Schedule VII within six months of expiry of the financial year.
- Include in the Annual Report a CSR Report in the prescribed format as per Annexure to the CSR Rules.
- Review and modify the CSR Policy as and when required, based on recommendations of the CSR Committee.

6. CSR ACTIVITIES – FOCUS AREAS

The Company shall undertake CSR activities from the areas specified in Schedule VII of the Companies Act, 2013, are as follows:

(i) Education and Skill Development

Promotion of education, including special education, vocational skills amongst children, women, elderly and differently abled persons; establishment and support of schools,

Adopted by the Board on: September 03, 2025

Review date:

libraries and digital learning infrastructure; livelihood enhancement projects for youth and artisans in and around Palghar, Thane and Mumbai regions.

(ii) Healthcare and Sanitation

Promoting preventive healthcare and sanitation including contribution to the Swachh Bharat Kosh; making available safe drinking water; support to health camps, mobile health units, and community health centres in rural areas, particularly in Wada / Palghar district.

(iii) Environmental Sustainability

Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro-forestry, conservation of natural resources; projects related to clean energy, waste management and renewable energy in line with the Company's manufacturing operations.

(iv) Rural Development and Livelihoods

Rural development projects including development of infrastructure in villages; promotion of sustainable agriculture; support to self-help groups; upliftment of tribal communities in areas around the manufacturing facility at Wada, Palghar.

(v) Promotion of Gender Equality and Women Empowerment

Measures to reduce inequalities faced by socially and economically backward groups; setting up homes and hostels for women and orphans; setting up old age homes and day care centres; promotion of gender equality and empowerment of women.

(vi) Contribution to National Funds / Disaster Management

Contribution to the Prime Minister's National Relief Fund, PM CARES Fund, or any other fund set up by the Central Government for socio-economic development and relief, and for welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes, minorities and women; disaster management including relief and rehabilitation.

(vii) Sports, Arts and Culture

Training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports; restoration of buildings and sites of historical importance and works of art; promotion of traditional arts and handicrafts.

(viii) Technology Incubation

Contributions to technology incubators located within academic institutions approved by the Central Government; promotion of science, technology, engineering and medicine.

The Board, may modify the above focus areas from time to time, provided such activities remain within the ambit of Schedule VII of the Act.

6.1 Activities NOT Qualifying as CSR

Pursuant to Rule 2(1)(d) of the CSR Rules, the following shall NOT be considered as CSR activities:

- Activities undertaken in the normal course of business of the Company.

Adopted by the Board on: September 03, 2025

Review date:

- Activities undertaken outside India, except for training of Indian sports personnel representing any State/UT at national level or India at international level.
- Contribution of any amount directly or indirectly to any political party under Section 182 of the Act.
- Activities benefiting only employees of the Company and their families.
- Sponsorships undertaken with the objective of deriving marketing benefits for the Company's products or services.
- Activities carried out for fulfilment of any other statutory obligation under any law in force in India.

7. CSR EXPENDITURE

7.1 Minimum Spend Obligation

The Company shall spend, in every financial year, at least 2% of the average net profits made during the three immediately preceding financial years (or such years as applicable), as calculated in accordance with Section 198 of the Act, in pursuance of its CSR Policy. Where the average net profit is negative, the Company shall not be obligated to spend on CSR for that year.

The prescribed CSR expenditure shall be determined based on the audited financial statements of the preceding financial years.

7.2 Administrative Overhead

Administrative overheads relating to CSR activities shall not exceed 5% of the total CSR expenditure of the Company for the financial year.

7.3 Unspent CSR Amount

In the event of any unspent amount at the end of a financial year:

- Ongoing Projects: Any unspent amount relating to an ongoing project shall be transferred to a special account opened in a scheduled bank designated as the 'Unspent Corporate Social Responsibility Account' of the Company within 30 days from the end of the financial year. Such amount shall be utilised within three financial years from the date of transfer, failing which it shall be transferred to a Fund specified in Schedule VII within 30 days of completion of the third financial year.
- Other than Ongoing Projects: Any unspent amount (other than related to an ongoing project) shall be transferred to a Fund specified in Schedule VII of the Act within six months of the expiry of the financial year.
- Surplus arising out of CSR activities: Any surplus shall not form part of the business profit and shall be ploughed back into the same project, transferred to the Unspent CSR Account or transferred to a Fund specified in Schedule VII within six months of expiry of the financial year.

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7.4 Excess CSR Expenditure

If the Company spends an amount in excess of the requirement under Section 135(5) of the Act in a financial year, such excess amount (excluding surplus from CSR activities) may be set off against the required CSR expenditure for the immediately succeeding three financial years, subject to the Board passing a resolution to that effect.

8. IMPLEMENTATION OF CSR ACTIVITIES

8.1 Modes of Implementation

The Company may implement its CSR activities through the following modes as per Rule 4 of the CSR Rules:

- Directly by the Company itself.
- Through a company established under Section 8 of the Act, or a registered public trust or registered society, exempted under Sections 10(23C) (iv), (v), (vi) or (via) of the Income Tax Act, 1961 and registered under Sections 12A and 80G thereof, established by the Company either singly or with other companies.
- Through 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.
- Through any entity established under an Act of Parliament or State Legislature.
- Through a statutory body established by the Central or State Government.
- Through a public authority.
- In collaboration with one or more companies, for undertaking CSR projects or programmes or CSR activities, subject to fulfilment of the eligibility criteria prescribed.

8.2 Annual Action Plan

The CSR Committee shall formulate an Annual Action Plan in pursuance of the CSR Policy, which shall include:

- The list of CSR projects or programmes to be undertaken in the areas specified in Schedule VII.
- The manner of execution of each project or programme.
- The modalities of utilisation of funds and implementation schedules.
- The monitoring and reporting mechanism for each project or programme.
- Details of need and impact assessment, where applicable.
- Details of implementing agencies, if any.

9. MONITORING AND EVALUATION

The Board shall institute a transparent monitoring mechanism for implementation of CSR projects or programmes or activities. The monitoring framework shall include:

- Periodic review of progress of each CSR project or programme against the Annual Action Plan.
- Verification of utilisation of funds disbursed to implementing agencies.
- Impact assessment for CSR projects or programmes with outlays of Rs. 1 crore or more, and having been completed not less than one year before undertaking such assessment, by an independent agency.
- Regular site visits to project locations, where feasible.
- Obtaining utilisation certificates and reports from implementing agencies.
- Review by the CSR Committee and reporting to the Board on a periodic basis, not less than once in each financial year.

10. REPORTING AND DISCLOSURE

The Company shall ensure the following disclosures as per applicable law:

- Annual CSR Report: The Board's Report for each financial year shall include an annual report on CSR activities in the format prescribed under the CSR Rules (Annexure I to Companies (CSR Policy) Amendment Rules, 2021).
- Website Disclosure: The Company shall display the CSR Policy and Annual Action Plan on its website (www.chemtechvalves.com), and update the same as and when modified.
- MCA Portal: The Company shall file the annual CSR Report on the Ministry of Corporate Affairs' web portal as per applicable requirements.
- National CSR Portal: The Company shall submit the report and relevant data on the National CSR Portal maintained by MCA.
- Unspent Amount: Where any amount is transferred to the Unspent CSR Account or to a Fund under Schedule VII, such transfer shall be disclosed in the Board's Report with full particulars.

11. AMENDMENTS TO THE POLICY

The CSR Committee shall periodically review this Policy, having regard to any amendments to the Act, CSR Rules, Schedule VII, or any other applicable law, and recommend modifications to the Board. The Board shall have the power to amend this Policy at any time, on recommendation of the CSR Committee. Any amendment to this Policy shall be disclosed in the Board's Report and on the Company's website.

This Policy is available on the Company's website: www.chemtechvalves.com

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