

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

The concept of Corporate Social Responsibility ("CSR") has gained prominence from all avenues. Organizations have realized that Government alone will not be able to get success in its endeavour to uplift the downtrodden in the society. For the Company in the present context, CSR means not only investment of funds for social activity but also integration of

Business processes with social processes.

Shakti Pumps (India) Limited (SPIL or "the Company") believes that an organisation's true worth lies beyond its business, and is best reflected by the service it renders to the community and the society. An organisation has a responsibility to sub-serve larger societal goals as they have the ability to contribute for the welfare of the society. Social welfare and community development is therefore at the core of the Company's Corporate Social Responsibility philosophy.

Corporate Social Responsibility is strongly connected with the principles of sustainability; an organization should make decisions based not only on financial factors, but also on the social and environmental consequences. Therefore, it is the responsibility of the Company to practice its corporate values through its commitment to grow in a socially and environmentally responsible way, while meeting the interests of its stakeholders.

The Company recognizes that its business activities have wide impact on the societies in which it operates, and therefore an effective practice is required giving due consideration to the interests of its stakeholders including shareholders, customers, employees, suppliers, business partners, local communities and other organizations. The company endeavours to make CSR a key business process for sustainable development. The Company is committed towards aligning with nature; and has adopted eco-friendly practices.

The main objective of this CSR Policy is to lay down guidelines for the companies to make CSR a key business process for sustainable development for the Society. It aims at supplementing the role of the Government in enhancing welfare measures of the society based on the immediate and long-term social and environmental consequences of their activities. Company will act as a good Corporate Citizen, subscribing to the principles of Global Compact for implementation.

SPIL shall mandatorily spend on CSR as per provisions of Section 135 of the Companies Act, 2013 ("the Act") read with Companies (Corporate Social Responsibility Policy) Rules 2014.

CSR COMMITTEE

CSR Committee of the Board of Directors ("Board") would consist of 3 or more Directors, out of which at least 1 director shall be an Independent Director.

SPIL at its meeting held on 14th May 2014 approved the constitution of a three member Corporate Social Responsibility (CSR) Committee of the Board.

The Committee, as mandated under Section 135(3) of the Companies Act, 2013, shall (a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the SPIL as specified in Schedule VII; (b) recommend the amount of expenditure to be incurred on the activities referred to in Section

(a); and (c) monitor the Corporate Social Responsibility Policy of the Company from time to time. (d) Annually report to the Board, the status of the CSR activities and contributions made by SPIL (e) Any other requirements mandated under the Act or Rules issued thereunder.

THE POLICY

The Company shall constantly strive to ensure strong corporate culture which emphasizes on integrating CSR values with business objective. It shall also pursue initiatives related to quality management, environment preservation and social awareness, in the areas as detailed below:

- Promoting health care including preventive healthcare and sanitation and making available safe drinking water;
- Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled and livelihoodenhancement projects;
- Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining of soil, air and water;
- 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;
- Rural development projects;
- Promote and participate in projects for cleanliness of Narmada river;.
- Promote education of girl child and the underprivileged by providing academic support, assistance to schools, sponsorships for eradicating illiteracy;
- Emphasise on regular health checks and medical aid/ health care facilities with special focus for the mother and child as well as the old aged persons of surroundings and making available of safe drinking water;
- Promote and sponsor various sports activities and games organized by local gram panchayat;
- Promote and support local religious and cultural programmes.
- Other areas as may be notified by the Government from time to time.

TAX TREATMENT

Tax treatment of CSR spent will be in accordance with Income Tax Act, 1961 as amended from time to time and other applicable rules or circulars (issued by CBDT).

DISSEMINATION OF INFORMATION

The CSR Policy of the company shall be placed on the website of the Company. A detailed status report on the CSR activities carried out by the Company shall be disclosed every year as a part of the Board Report in the Annual Report. The CSR committee will also make a Responsibility Statement stating that the CSR Policy implementation and monitoring thereof is in letter and spirit, in compliance with the CSR objectives.

AMENDMENT

This Policy may be amended from time to time by the Board on the recommendation of the CSR Committee.