

Corporate Social Responsibility Policy
PRABHA AUTOMOTIVE ENGINEERS PRIVATE LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY

1. PREAMBLE

In compliance with the requirements of Section 135 of the Companies Act, 2013 (the Act) read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, the Company is, inter alia, required to:

- (i) Constitute a Board Committee to formulate and recommend to the Board a Corporate Social Responsibility (CSR) Policy, recommend the amount of CSR expenditure and monitor the CSR activities of the Company from time to time.
- (ii) Ensure that the Company spends, in every financial year, at least two per cent of the average Net Profits of the Company, made during the three immediately preceding financial years, in pursuance of its CSR Policy.

PRABHA AUTOMOTIVE ENGINEERS PRIVATE LIMITED (the Company) firmly believes that sustained development of the society and environment is necessary for the continued growth of the corporate sector and the nation and is indispensable for the welfare of its people.

In alignment with this philosophy, the Company has developed this Corporate Social Responsibility Policy (CSR Policy), in pursuance of the requirements of Section 135 of the Act and to provide a clear framework to guide its Corporate Social Responsibility (CSR) initiatives, in order that it effectively discharges its functions as a responsible corporate citizen.

2. Objectives

The main objectives of the CSR Policy are as follows:

- To define broadly the focus areas of the CSR Activities;
- To serve as a guiding document for implementation and monitoring of CSR activities, including the amount of expenditure to be incurred;
- To bring the commitment of the Company towards sustainable development within the fold of the overall corporate strategy, thereby enabling CSR activities to be implemented in an effective and organized manner.

3. CSR Activities

In accordance with the provisions of Companies Act, 2013 (the Act), Schedule VII thereto and the Rules made thereunder, the CSR activities of the Company shall mean the efforts taken in respect of all or any of the following areas:

- (i) **Promotion of Healthcare and Poverty Alleviation:** 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) **Promotion of Education and Vocational Skills:** Promotion of education including special education and employment enhancing vocation skills especially among children, women, elderly and the differently-abled and livelihood enhancement projects;
- (iii) **Promotion of Gender Equality:** Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up of 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) **Protection of Environment:** 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, including contribution to clean Ganga Fund set up by Central Government for rejuvenation of river Ganga;
- (v) **Preservation of National Heritage:** 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, skill development of craftsman, artisans;
- (vi) **Armed Forces:** Measures for the benefit of armed forces, veterans, war widows and their dependents;
- (vii) **Sports:** Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
- (viii) **Contribution to Funds:** 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;
- (ix) **Technology Incubators:** Contribution or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- (x) **Rural Development Projects:** Development of rural areas or any areas declared as 'slum area' by the Central Government or State Government or any other competent authority under any law for the time being in force, inter alia, by improving accessibility, sanitation, power and drinking water.
- (xi) **Disaster Management:** disaster management, including relief, rehabilitation and reconstruction activities.

The following activities shall not be covered under CSR activities:

- (i) Activities that benefit only the employees of the company and their families;
- (ii) One-off events such as marathons/ awards/ charitable contributions/ advertisement /sponsorships of TV programmes, etc.;
- (iii) Expenses incurred by the Company for the fulfillment of any other law such as labour laws;
- (iv) Contribution of any amount directly or indirectly to any political party;
- (v) Activities undertaken by the Company in pursuance of its normal course of business;
- (vi) Activities undertaken outside India;

4. CSR Committee**COMPOSITION:**

The Corporate Social Responsibility Committee (the Committee) shall consist of three or more Directors amongst whom at least one shall be an Independent Director. Where a company is not required to appoint an Independent Director under sub-section (4) of section 149, it shall have in its Corporate Social Responsibility Committee two or more Directors. The Committee may form a CSR Sub-Committee with such other Directors / Executives of the Company from time to time as it may deem necessary and expedient. The Company Secretary shall act as the Secretary to the Committee.

MEETINGS:

The Committee shall hold meetings as and when required, to discuss various issues on implementation of the CSR Policy of the Company. The members of the Committee shall strive to hold at least two meetings in a financial year.

The Committee shall periodically review the implementation of the CSR Programmes and issue necessary directions from time to time to ensure orderly and efficient execution of the CSR programmes in accordance with this Policy. It would be the responsibility of the CSR Committee to periodically keep the Board apprised of the status of the implementation of CSR activities.

ROLE OF CSR COMMITTEE:

- a) To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 (as amended from time to time).
- b) To recommend the amount of expenditure to be incurred on the activities in a financial year.

- c) To monitor the Corporate Social Responsibility Policy of the company from time to time.
- d) 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;
 - (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;
- e) Any other matter/thing as may be considered expedient by the Members of the Committee in furtherance of and to comply with the CSR Policy of the Company.

RESPONSIBILITIES OF THE BOARD

The Board shall:

- a) Form a CSR Committee and disclose the composition of the CSR Committee.
- b) Approve the CSR Policy after taking into account the recommendations made by the CSR Committee.
- c) Place the CSR Policy on the Company's website.
- d) Ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the company.
- e) Ensure expenditure of requisite amount on CSR every year as per law.
- f) Disclose reasons for not spending the amount (if applicable) in the Annual Report to the Shareholders of the Company.
- g) Ensure that the administrative overheads are not more than 5% of the total CSR Expenditure or as permitted by the law.
- h) Ensure that the funds so disbursed have been utilized for the purposes and in the manner as approved by Board / CSR Committee and the Chief Financial Officer shall certify to the effect.
- i) Approve transfer of unspent CSR Amount in accordance with the law. The Committee in consultation with the Management of the Company shall submit to the Board the statement of spent and unspent CSR amounts and shall assist and facilitate for transfer of the same.
- j) Any modifications to the CSR Policy shall be recommended by the CSR Committee and be approved by the Board of Directors of the Company.

5. Modalities of Execution

The Company shall endeavor to implement the CSR activities by itself. However, whenever deemed expedient and appropriate, implementation of the CSR activities may also be done through the following implementing agencies, in accordance with and subject to the provisions of Companies Act, 2013 and the Rules made thereunder:

- a) Companies established under Section 8 of the Companies Act, 2013 or registered trusts or registered societies;
- b) Collaboration with other companies;
- c) Contribution to various Funds mentioned under the Schedule VII to the Companies Act, 2013;
- d) Such other modes as the Board/Committee deems appropriate, in accordance with the provisions of applicable laws.

If necessary, the Company may also build CSR capacities of their own personnel as well as those of their implementing agencies in accordance with and subject to the provisions of Companies Act, 2013 and the Rules made thereunder.

The implementation schedule for the CSR activities shall be recommended by CSR Committee and approved by Board of Directors of the Company.

6. CSR Expenditure

The Company shall endeavor to spend at least two per cent of the average net profits of the company made during the three immediately preceding financial years (calculated in accordance with the provisions of the Companies Act, 2013 and the Rules made thereunder) on CSR activities as enumerated above. The Committee shall identify and recommend the CSR activities to be undertaken, the amount of expenditure to be incurred on each activity, the aggregate amount to be spent during each financial year, along with the implementation schedule to the Board of Directors of the Company for its approval.

The surplus (if any) arising out of CSR projects or programmes or activities carried out by the Company shall not form part of the business profit of the Company.

7. Monitoring and Reporting

The CSR Committee shall be responsible for the implementation and monitoring of CSR activities and report to the Board of Directors of the Company from time to time.

The Committee shall monitor the progress of the CSR activities through half-yearly reports in a suitable format from the Management of the Company indicating the activities undertaken during the period, amount spent vis-à-vis the budget, and such other details as the Committee

may require for this purpose. The Committee shall forward its observations and recommendations, if any, on the implementation to the Board of Directors, half yearly.

- 8.** Impact Assessment would be conducted on a periodic basis, internally by the Company, and/or by independent professional third parties if need be, especially on the strategic and high value programmes.

The Board of Directors of the Company shall also monitor the CSR Programmes / Projects in such manner and on such periodicity as may be required by the Act / the Rules.