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### REVISION RECORD SHEET


Revision		Description of Revision	Reason for Revision
No	Date		
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**CORPORATE SOCIAL RESPONSIBILITY POLICY  
OF  
PADMINI VNA MECHATRONICS LIMITED  
(formerly known as PADMINI VNA MECHATRONICS PRIVATE LIMITED)  
FRAMED UNDER SECTION 135(3)(a) OF THE COMPANIES ACT, 2013**

## 1 Introduction:

Sustainability and Corporate Responsibility framework at Padmini VNA Mechatronics Limited (hereinafter referred to as “the Company”) has been developed in pursuance to Section 135 of the Companies Act 2013 (hereinafter referred to as ‘the Act’) read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 (hereinafter referred to as “the CSR Rules”) notified by the Ministry of Corporate Affairs, Government of India, in this regard.

## 2 Objective:

- a) To act as a guiding document for all CSR activities of the Company
- b) To lay down system, process, and policies for the Company to carry out their CSR projects.
- c) To ensure that all the CSR activities of the Company are compiled to under section 135(3)(a) of the Companies Act, 2013.

Our Sustainability/CSR Mission aligns with our overall company’s Mission to develop and manufacture innovative and quality clean mobility solutions to drive and accelerate the transition to a more sustainable world.

## 3 Application:


This policy is valid for the Company and all its employees.

This policy shall apply to all Sustainability and Corporate Responsibility project, or programs undertaken by the Company in India as per the applicable provisions of Section 135 of the Companies Act 2013 read with Schedule VII and relevant rules prescribed under the said Act.

In accordance with Section 135 of the Companies Act and the Rules, the following activities would not qualify as CSR activities:

- i. Activities benefitting 'employees' of the Company as defined in clause (k) of section 2 of the Code on Wages, 2019;
- ii. Activities undertaken in pursuance of normal course of business of the Company.
- iii. One-off events such as marathons/ awards/ charitable contribution/advertisement/sponsorship of television programs, etc.
- iv. Contribution of any amount directly or indirectly to any political party under section 182 of the Act.
- v. Any activity undertaken outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level.
- vi. Activities carried out for fulfilment of any other statutory obligations under any law in force in India; and

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- vii. Activities supported by the Company on sponsorship basis for deriving marketing benefits for its products or services.

#### 4 CSR Committee:

i) **Constitution and composition of the CSR Committee**

The CSR Committee shall be constituted by the Board of Directors the Company, which shall comprise of 3 directors including the Independent Directors, if any. The Board may also include the other employees of the Company (or Group Company) as Executive members of the CSR Committee.

The members of the CSR Committee shall elect one of them as the Chairman of the Committee. The CSR Committee shall recommend to the Board the amount of expenditure to be incurred by the Company on CSR activities and the Board will ensure that the activities as are included in the CSR Policy are undertaken by the Company subject to and in accordance with the provisions of section 135 of the Companies Act, 2013.


The CSR Committee of the Board of Directors comprises the following Members shall be disclosed in the Board's report:

S.no	Name of Director	Designation / Nature of Directorship
1	Mrs. Sonia Bhandari, Director	Chairperson
2	Mr. Mohit Gujral, Independent Director	Member
3	Ms. Rahul Bhagat, Independent Director	Member

ii) **Scope of the CSR Committee**

- (i) To formulate and recommend to the Board of Directors, the CSR Policy, indicating the CSR activities to be undertaken as specified in Schedule VII of the Companies Act, 2013, as amended.
- (ii) To recommend the amount of expenditure to be incurred on the CSR activities.
- (iii) To monitor the CSR Policy and its implementation by the Company from time to time.
- (iv) To perform such other functions or responsibilities and exercise such other powers as may be conferred upon the CSR Committee in terms of the provisions of Section 135 of the Companies Act, 2013, as amended and the rules framed thereunder."
- (v) To take note of the compliances made by implementing agency (if any) appointed for the CSR of the Company
- (vi) As per Rule 5(2) of the Rules- the CSR Committee formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy, which shall include the following:
  - the list of CSR projects or programmes that are approved to be undertaken.
  - the manner of execution of such projects or programmes;
  - the modalities of utilisation of funds and implementation schedules for the projects or programmes.

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- monitoring and reporting mechanism for the projects or programmes; and
- details of need and impact assessment, if any, for the projects undertaken by the company:

## 5 Responsibilities:

### 5.1 The Board of Directors:

The Board of the Company is responsible for:


- i. Approve the CSR policy;
- ii. Disclose contents of such policy in its report and also place it on the company's website, if any;
- iii. Ensure that the activities included in the CSR policy are undertaken by the company.
- iv. 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.
- v. Satisfy itself regarding the utilization of the disbursed CSR funds; and
- vi. If the company fails to spend at least two per cent of the average net profits of the company, the Board shall, in its report made under clause (o) of sub-section (3) of section 134, specify the reasons for not spending the amount and transfer the unspent CSR amount as per provisions of sections 135(5) and 135(6) of the Act.
- vii. Provide recommendations and approval for the annual action plan formulated and presented by the CSR Committee for spending of the prescribed CSR budget.
- viii. Alter the recommended annual action plan at any time during the financial year, if required, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect
- ix. Disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on the Company's website, if any, for public access.

### 5.2 The CSR Committee:

The CSR Committee of the Company and CSR Program Manager are responsible for monitoring and implementation of the CSR Programs. Monitoring may include field visits, comprehensive documentation, and interaction with beneficiaries.

- i. To formulate and recommend to the Board of Directors, the CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act and the applicable Rules;
- ii. To formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy, which shall include the items as mentioned in rule 5(2) of the Companies (CSR Policy) Rules.
- iii. To determine the CSR projects to be undertaken by the Company and determine the mode of execution i.e. either itself or through any implementing agency or any in collaboration with any other company;
- iv. To formulate the CSR budget based on the CSR activities planned for the year;
- v. Ensure unspent funds, if any, are transferred to specified accounts/funds within the time stipulated in law;

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- vi. Ensure that any profit incurred from CSR activities (although not expected however, if any) are not treated as business profits and are either ploughed back in the same project or transferred to specified account/funds;

## 6 Thematic Areas:

The Company's CSR activities are designed in a manner so that the activities have a positive social, environmental and economic impacts on people, business and society. The list of thematic areas which are defined in Schedule VII of the Companies Act 2013 is as follows:

- i. Eradicating hunger, poverty and malnutrition [“promoting health care including preventive health care”] and sanitation [including contribution to the Swach 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 [including contribution to the Clean Ganga Fund set-up 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 art and handicrafts.
- vi. Measures for the benefit of armed forces veterans, war widows and their dependents, 9[ Central Armed Police Forces (CAPF) and Central Paramilitary Forces (CPMF) veterans, and their dependents including widows];
- vii. Training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports
- viii. Contribution to the prime minister's national relief fund 8[or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)] or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, 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),

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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
- xii. Disaster management, including relief, rehabilitation and reconstruction activities.

**The thematic areas may be expanded from time to time as per the guidelines provided in the Companies Act.**


## 7 Modalities of Utilization of Funds:

- i. The Board of Directors of the Company are responsible to provide for approved CSR Budget which shall be at least 2% of average net profit calculated under Section 198 of the Act, made during the three immediate preceding financial years.
- ii. The CSR Committee is responsible for ensuring that in every financial year, funds committed by the Company for CSR Programs are utilized effectively and there is effective system of regularly monitoring & implementation such projects, which are made in accordance with this Directive.
- iii. The CSR Committee is responsible to maintain a Management Information System (MIS) on expenditure across sectors and geographies and the beneficiaries impacted. The MIS structure be in aligned to the reporting format prescribed by the Companies Act 2013.
- iv. The Company may spend up to 5% of the total CSR expenditure in one financial year on building CSR capabilities and other general and administrative overheads.
- v. Any surplus arising out of the CSR Projects or Programs or activities shall not form part of the business profit of the Company and will be ploughed back into the project in the current Financial Year or be allocated for an ongoing project to be spent in any of the three succeeding financial years or will be transferred to a fund specified in Schedule VII
- vi. Any excess expenditure i.e., beyond the prescribed CSR budget will be disclosed in the Board's CSR Report and shall be made available for set off against the CSR requirement to spend in any of the three succeeding financial years.
- vii. The CSR amount spent by the company for creation or acquisition of a capital asset shall not be held by the company and 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 in accordance with the Rules; or
  - b) Beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
  - c) A Public Authority
- viii. The Board of Directors will 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 will certify the same to that effect.

## 8 Selection & Implementation Process of CSR initiatives:

The CSR Committee will evaluate the projects / programs and may, at its sole discretion, approve certain projects / programs for implementation. While approving projects / programs, the Committee shall ensure that those programs are based upon qualified thematic areas.

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In order to be considered by the CSR Committee, such proposals must inter-alia contain details of projects / programs to be undertaken, proposed amount, timelines and a confirmation that such projects / programs are eligible under the Companies Act, 2013 and rules made thereunder. The projects undertaken by the company will be implemented in India and will be determined as per the needs of the community.

The Company shall ensure that the CSR Programs are implemented through one of the following methods:

- i. Directly by the Company;
- ii. Through Program implementation agencies qualified as per Section 135 of the Act and rules thereto. Those agencies shall be assigned responsibility to carry out CSR activities, which have an established track-record of minimum three years in undertaking similar programs or projects.
- iii. Contributions to the Corpus of a Trust/ society/ section 8 company that has been created exclusively for undertaking CSR activities or where the corpus has been created exclusively for the purpose directly relatable to a subject covered in Schedule VII of the act.

For an ongoing project, if any amount budgeted to be spent for the year remains unspent, then such an unspent amount will be allocated towards such ongoing project for spending in any of the three succeeding financial years and will be transferred to the Unspent Corporate Social Responsibility account opened with a scheduled bank within 30 days from the end of the financial year. For other projects, such amount will be transferred to a fund specified in Schedule VII within 6 months of the expiry of the financial year.

CSR initiatives will be implemented either directly by the Company or through implementing agencies (NGOs). The implementing agencies being considered for a partnership will need to comply with the following criteria:

- i. The NGO can be a company established by the Company either singly or along with any other company and can be a company established under Section 8 of the Companies Act, 2013 / Registered Public Trust / Registered Society with a registration under Section 12A and Section 80G of the Income Tax Act, 1961, or
- ii. The NGO can be a company registered under Section 8 of the Companies Act, 2013 / Registered Public Trust / Registered Society with a registration under Section 12A and Section 80G of the Income Tax Act, 1961 and with an established track record of at least 3 years, or
- iii. The NGO can be an entity established under the act of Parliament or State Legislature, or
- iv. The NGO can be an entity established by the Central or State Government,
- v. The NGO / Agency will need to have a permanent office in India.


All implementing partners suffering any of the above-mentioned conditions would be registered with the Central Government by filing e-form CSR-1 electronically and obtaining a unique CSR Registration Number from the MCA.

## 9 Monitoring & Disclosure:

The CSR Committee shall endeavor to devise a robust monitoring mechanism to ensure that the CSR projects / programs are undertaken effectively in accordance with the approval granted and are fully in compliance with applicable laws, rules and regulations. Monitoring of CSR activities could be done through:

- i. Periodic review of approved CSR Programs by CSR committee
- ii. Periodic third-party assessment of key projects
- iii. Impact assessment with key indicators

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Ensure that appropriate disclosures are made to the Board's Report. The Company may engage International Organizations 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.

The company may spend up to 5% of the total CSR expenditure in one financial year or 50 lakh rupees, whichever is lesser, on undertaking impact assessment for the applicable projects, as required by the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021. The expenditure incurred on impact assessment is over and above the specified administrative overheads of 5%.

In terms of the provisions of Rule 8(3)(a) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 ('Rules'), every company having average CSR obligation of Rs. 10 crore or more in pursuance of subsection (5) of section 135 of the Act, in the three immediately preceding financial years, shall undertake impact assessment, through an independent agency, of their CSR projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study. Accordingly, the company is required to undertake impact assessment of the CSR projects taken up or completed on or after January 22, 2021.

## 10 ANNUAL CSR PLAN:

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 utilization of funds and implementation schedules for the projects or programmes.
- d. monitoring and reporting mechanism for the projects or programmes; and details of need and impact assessment, if any, for the projects undertaken by the company.


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

The CSR Committee may also identify and recommend to the Board "Ongoing Project/s" and may designate some of the existing CSR projects as an Ongoing Project and such Ongoing Projects shall be selected, implemented, monitored and reported in accordance with the applicable CSR rules.

## 11 CSR Reporting & Display of CSR Policy:

The report of the Board of Directors of the Company shall include an annual report on CSR activities in the prescribed format and the Company shall also display the CSR policy on its official website.

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The Board of a company shall satisfy itself that the funds so disbursed have been utilized 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 as required by the Companies Act/ CSR Rules.

## 12 Contact:

For queries related to CSR initiatives, please contact: [csr@padminivna.com](mailto:csr@padminivna.com)

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