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meets **Performance**

Precision Camshafts Limited -Corporate Social Responsibility Policy

1. Preamble

Social Responsibility has always been an integral part in the management of Precision Camshafts Limited and PCL has been contributing towards social causes even before CSR concept was promulgated through the Companies Act 2013. Precision Foundation was established in October 2006 to carry out the social responsibilities of PCL with the main aim of 'Giving Back to the Society' in which PCL thrived and flourished. It has been contributing in the areas of healthcare, education, sports, art & culture and social causes for the past 15 years. This 'CSR policy' is based on Section 135 of the Companies Act, 2013 and rules made thereunder.

2. Purpose

The Board of every company referred to in sub-section (1), shall ensure that the company spends, in every financial year, at least 2% of the average net profits of the company made during the 3 immediately preceding financial years or where the company has not completed the period of three financial years since its incorporation, during such immediately preceding financial years.

Provided that the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities:

PCL is committed to operate in an economically, socially and environmentally sustainable manner while recognizing the interests of its stakeholders. The commitment is beyond statutory requirement. Social responsibility therefore extends beyond philanthropic activities and reaches out to the integration of social and business goals. These activities would in the long term, help secure a sustainable competitive advantage.

CSR would be used in promoting the well being of human resources, providing education, health and safety to the marginalized sections of society and for the protection of the environment.

3. Policy Statement

PCL is proud to be a Socially Responsible Corporate citizen. We would like to scale up our CSR activities through initiatives aimed at value creation in the society and in the community in which we operate, through our services, conduct and initiatives, by protecting the environment, improving health and hygiene and helping in education and skill development on a sustained basis for the society as a whole.

We the Directors, KMPs, Officers and employees of PCL shall strive for implementing the CSR policy recommended by the Board and adopted by the Company.

4. Definition(s)

- (a) "**Act**" means the Companies Act, 2013 (18 of 2013);
- (b) "**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;



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- (c) "**Annexure**" means the Annexure appended to these rules;
- (d) "**CSR Committee**" means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act;
- (e) "**CSR 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;
- (f) "**International Organisation**" means an organisation notified by the Central Government as an international organisation under section 3 of the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947), to which the provisions of the Schedule to the said Act apply;
- (g) "**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;
- (h) "**Ongoing Project**" means a multi-year project undertaken by a Company in fulfilment 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;
- (i) "**Public Authority**" means 'Public Authority' as defined in clause (h) of section 2 of the Right to Information Act, 2005 (22 of 2005);
- (j) "**section**" means a section of the Act.
- (k) "**Rules**" means Companies (Corporate Social Responsibility Policy) Rules, 2014 amended from time to time.

Words and expressions used and not defined in this policy but defined in the Act or Rules shall have the same meanings respectively assigned to them in the Act and Rules.



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5. Scope of CSR Activities

5.1 In order to achieve its CSR objectives through implementation of meaningful and sustainable CSR programs and also to fulfill statutory requirement, the Board of Directors of PCL shall allocate adequate funds for its Annual CSR Budget.

CSR Committee constituted by the Board of Directors, shall recommend the amount to be allocated towards the following activities, on a year on year basis to wards CSR:

- a) Eradicating hunger, poverty, malnutrition; promoting healthcare including preventive healthcare, sanitation, contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.
- b) Promoting education, including special education and employment enhancing vocational skills especially amongst children, women and the differently abled and livelihood enhancement projects.
- c) 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.
- d) Ensuring environmental sustainability, ecological balance, protection of flora & fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water, contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.
- e) Protection of natural heritage, art and culture including restoration of buildings and sites of historical importance, works of art, setting up public libraries promotion and development of traditional arts and handicrafts.
- f) measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows
- g) Training to promote rural sports, nationally recognised sports, paralympic sports and olympic sports
- h) contribution to the prime minister's national relief fund 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;
- i) 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
- j) 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 Defence 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).]



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- k) Rural development projects
- l) slum area development.
- m) disaster management, including relief, rehabilitation and reconstruction activities.

5.2 Exclusions: The following activities shall not be considered as CSR activities.

- a) activities undertaken in pursuance of normal course of business of the company.
- b) 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
- c) contribution of any amount directly or indirectly to any political party under section 182 of the Act;
- d) activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);
- e) activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;
- f) activities carried out for fulfilment of any other statutory obligations under any law in force in India;

6. Implementation Process

6.1 CSR Programs shall be undertaken by Company through its own team drawn across various department.

6.2 The time period / duration over which a particular program shall be spread, shall depend upon its nature, extent of coverage and the intended impact of the program.

6.3. 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.

6.4 (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**:



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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.

6.5 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.

6.6 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.

6.7 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.

6.8 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

7. CSR Committee

The CSR Committee shall comprise of three (3) members of the Board. It shall have a mix of executive/ whole time and independent directors. The executive/ whole time director shall be the Chairman of the Committee.

7.1 The CSR Committee shall meet at such place and time as may be mutually agreed to among the members or as and when required.

7.2 Besides the physical meeting, CSR Committee may hold a meeting on video conference or tele-conference or any other similar mode.

7.3 The CSR Committee shall: -

- a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company [in areas or subject, specified in Schedule VII];
- b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- c) monitor the Corporate Social Responsibility Policy of the company from time to time.

7.4 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 of Companies (Corporate Social Responsibility) Amendment Rule 2021;



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- (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.

7.5 Notice of Meetings and List of Business

Notice of not less than 7 (seven) clear working days from the date of posting, containing date, time and place of every Meeting, (together with list of business to be conducted at the Meeting) shall be given/ circulated to each member of the Committee present in India, either by hand or by Fax or by e- Mail, whatsoever is convenient.

Notice period may be reduced to one day / or waived off provided consent of all members is recorded in writing.

7.6 Quorum for CSR Committee

No business shall be transacted at the meeting of the committee unless at least two members are present.

7.7 Secretary of the CSR Committee:

The secretary of the Company shall be secretary of the CSR Committee.

7.8 Resignation

Member of the CSR Committee may resign his office by a letter, in writing, to the Chairman of the Committee and Secretary of the Committee and his office shall fall vacant from the date on which his resignation has been accepted by the Chairman of the Committee. In case the Chairman of the Committee resigns his office, he shall address a letter to the senior-most, other than himself, of the remaining member of the Committee and his resignation shall be effective on an acceptance by such senior most member

Further, any member of the Committee shall cease to be the member of the Committee, the moment he ceases to be member of the Board of Directors of the Company.

Company Secretary shall place the resignation of the member of the Committee before the next committee meeting or shall inform to all the members of the Committee as soon as possible for their information and necessary decision.

7.9 Disposal of Business

Every question considered at a committee meeting shall be decided by a majority of votes of the members present and voting. In the event of an equality of votes, the Chairman shall exercise his casting vote; provided that the Chairman may, if he thinks fit, direct that any question shall be decided by circulation of necessary papers to the members present in India and by securing their opinion in writing. Any such question shall be decided in accordance with the opinion of the majority of the members received within a time limit allowed and, if the opinion is equally divided, the opinion of the Chairman shall prevail.



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Provided further that any member may request that the question referred to the members by circulation for an opinion be considered at the committee meeting and thereupon, the Chairman may, and if the request is made by not less than two members, shall direct that it can be so considered.

7.10 Minutes of Meeting

- a) The Secretary shall be responsible for drafting and maintaining the minutes of CSR Committee;
- b) Draft minutes of CSR Committee shall be circulated to the members of the Committee for their input.
- c) The Board of Directors shall be updated periodically about the decision taken by the CSR Committee on various CSR Projects, generally in quarterly meeting held for the purpose of approval of results.
- d) Each minutes of the CSR Committee shall be placed before the Board for their noting.
- e) Each page of every minute book shall be initialed or signed and the last page shall be dated and signed by the Chairman of the said meeting or the Chairman of the next meeting.
- f) Once the minutes are signed by the Chairman, it shall be conclusive evidence of proper meeting.

7.11 Resolution without Meeting

A resolution shall be as valid and effectual as if it had been passed at a Meeting of Committee duly called and constituted, if it is passed by circulation by an affirmative vote by majority of members.

8 .CSR Expenditure

- 8.1 The board shall ensure that the administrative overheads shall not exceed 5% of total CSR expenditure of the company for the financial year.
- 8.2 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 6 months of the expiry of the financial year.
- 8.3 Where a company spends an amount in excess of requirement provided under sub-section (5) of section 135 , 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.
- 8.4 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:



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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.

9. CSR Reporting

9.1 The Board's Report of a company covered under these rules pertaining to any financial year shall include an annual report on CSR containing particulars in prescribed format, as applicable.

9.2 (a) company having average CSR obligation of Rupees 10 crore or more in pursuance of subsection (5) of section 135 of the Act, in the 3 immediately preceding financial years, shall undertake impact assessment, through an independent agency, of their CSR projects having outlays of Rupees 1 crore or more, and which have been completed not less than 1 year before undertaking the impact study.

(b) The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.

(c) A Company undertaking impact assessment may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed 5% of the total CSR expenditure for that financial year or Rs 50 lakh, whichever is less

10. Transfer of unspent CSR amount

Until a fund is specified in Schedule VII for the purposes of subsection (5) and (6) of section 135 of the Act, the unspent CSR amount, if any, shall be transferred by the company to any fund included in schedule VII of the Act.

11. 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.

12. Governance Structure

The Governance structure shall comprise of the Board of Directors of the Company, CSR committee and implementing partners and stakeholders.

12.1 CSR Programs as may be identified, by each division of the company/ corporate office shall be placed before the CSR Committee.

12.2 The CSR Committee shall recommend the proposal and the budget for the year to the Board for their approval.

12.4 The CSR committee shall update the Board on the CSR activities done every quarter generally in a meeting held for the purpose of approval of quarterly results. Board shall take note of the activities and the expenses.



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12.5 For meeting the requirements arising out of immediate & urgent situations, the Chairman & Managing Director is authorized to approve proposals in terms of the empowerment accorded to him by the CSR Committee.

13. General

13.1. In case of any doubt with regard to any provision of the policy and also in respect of matters not covered herein, a reference should be made to the Company Secretary.

13.2. Company secretary in consultation with the Managing Director and/ or Director (Finance) shall clarify the doubt and communicate the same the respective person. In case, clarification or doubt is subject matter of policy then, Secretary shall refer the matter to the CSR Committee for their direction. On receipt of direction/ clarification, secretary shall communicate the same to the respective person / division.

13.3. Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the guidelines on the subject as may be issued by the Central Government, or Ministry of Corporate Affairs or SEBI, from time to time.