

TVM SIGNALLING AND TRANSPORTATION SYSTEMS PRIVATE LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY

INTRODUCTION

Corporate Social Responsibility (“CSR”) is strongly connected with the principles of sustainability; an organization should take decisions based not only on financial factors, but also on the social and environmental consequences. Therefore, it is the core corporate responsibility of **TVM Signalling and Transportation Systems Private Limited** (hereinafter referred to as “**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.

CSR is the continuing commitment by business to perform ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. CSR is clearly on capacity building, empowerment of communities, inclusive socio-economic growth, environment protection, promotion of green and energy efficient technologies, development of backward regions, and upliftment of the marginalized and under-privileged sections of the society.

As a corporate entity, 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 endeavors to make CSR a key business process for sustainable development. The Company is responsible to continuously enhance shareholders wealth and it is also committed to its other stakeholders to conduct its business in an accountable manner that creates a sustained positive impact on society. The Company is committed towards aligning with nature; and has adopted eco-friendly practices.

Essentially, CSR, which is deliberate inclusion of public interest into corporate decision making by undertaking different projects for development of society, has the potential of contributing significantly in the long run to socio-economic growth in the backward regions and other sections of the society. The emerging concept of CSR goes beyond charity and requires the Company to act beyond its legal obligations and to integrate social, environmental and ethical concerns into the Company's business process.

CSR does not emanate directly from external demands but from organizationally embedded processes. These processes prompt the organization to view its relationships with stakeholders in a different perspective, which in turn influences its engagement with them. The Board of Directors of the Company has devised social responsible business practices under the general rules issued by the Ministry of Corporate Affairs for compulsory implementation of CSR activities.



It is hereby expressly understood that the CSR activities to be undertaken by the Company in terms of this Policy or as may be amended from time to time, is an integral part of the business of the Company and is necessary for the purpose of the business of the Company.

AREAS TO BE COVERED UNDER CSR POLICY

The Company is vigilant in its enforcement towards corporate principles and is committed towards sustainable development and inclusive growth. The Company constantly strives to ensure strong corporate culture which emphasizes on integrating CSR values with business objectives. It also pursues initiative related to quality management, environment preservation and social awareness. Arising from this the focus areas that have emerged are Education, Health Care, Sustainable Livelihood, Infrastructure Development, and Espousing Social Causes.

The vision of the Company is "to actively contribute to the social and economic development of the communities in which it operates". In so doing build a better, sustainable way of life for the weaker sections of society and raise the human development index.

To attain its CSR objectives in a professional and integrated manner, followings are the activities which shall be carried out by the Company, in accordance with the provisions of Section 135 of the Companies Act, 2013 (hereinafter referred to as "**the Act**"), Schedule VII of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014 (hereinafter referred to as "**the Rules/ CSR Rules**") as may be amended from time to time:

- 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;
- Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
- Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facility for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- 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;
- Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art, setting up public libraries; promotions and development of traditional arts and handicrafts;

- 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;
- Training to promote rural sports, nationally recognized sports, Paralympics sports and Olympics Sports;
- 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 Government for socio-economic development and relief and welfare of the scheduled castes, the scheduled tribes, other backward classes, minorities and women;
- 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 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), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs);;
- Rural development projects;
- Slum area development (slum area shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force);
- Disaster management, including relief, rehabilitation and reconstruction activities;
- Such other activities as may be permitted by the Ministry of Corporate Affairs or other competent authorities (under the applicable laws) by way of issue of circular/ notifications/ rules/ regulations/ order etc.
- Any other project, welfare activity in line with the aims and objectives specified above and within the ambit of the provisions of Section 135 of the Act read with the Rules, and duly approved by the Board of Directors of the Company;



As a part of CSR strategy, in line with the aims and objectives specified above, the scope of CSR activities would cover the following areas:

- (i) Education;
- (ii) Health;
- (iii) Drinking Water/ Sanitation;
- (iv) Environment;
- (v) Community Development and Social Empowerment;
- (vi) Generation of employment opportunities and livelihood;
- (vii) Any other activity as may be identified by Board of Directors.

The CSR activities shall be undertaken in locations within India for the benefit of the public in India, provided that the preference shall be given to the local areas and areas where the Company operates for undertaking the CSR activities.

IMPLEMENTATION OF CSR

Partnership Approach

As per the requirement, the Company shall undertake the CSR activities on its own or through a registered trust/ registered society/ company/ entity established under the applicable legislature and permitted under provisions of the Act and Rules made thereunder, as amended from time to time, to initiate necessary steps for advancement and betterment of the objectives as set out herein. The CSR Committee of the Board of directors of the Company shall monitor and ensure undertaking of activities as planned in accordance with this policy for the community at large. The activities would be taken up in a project mode with milestones and deadlines.

Allocation of Funds

The Company shall spend in every financial year at least 2% of the average net profits of the Company made during the three immediately preceding financial years in accordance with the provisions of sub section (5) of section 135 of the Act.

The CSR Committee will be responsible for monitoring and supervision of utilization of funds in accordance with the applicable provisions of the Act read with the Rules, towards the projects/ activities identified under this CSR policy. Further, the Board of Directors shall ensure that the CSR activities as mentioned in this Policy and approved for the respective financial year(s) are undertaken by the Company.

If the amount transferred for CSR activities remains unutilized, it will be transferred/ utilized in accordance with the applicable provisions of the Act read with the Rules.

Allocation to CSR fund can be increased on the recommendation of the CSR Committee and with the approval of the Board of Directors of the Company.

In case of any excess amount spent by the Company (i.e. over and above the prescribed requirement of at least 2% of the average net profits of the Company made during the three immediately preceding financial years), the Company may set off such excess amount against the requirement to spend for such number of succeeding financial years and in such manner, as prescribed under the Act and Rules, from time to time

The following activities do not qualify as CSR Activities under the Act:

- (a) Projects or activities not falling within Schedule VII of the Act and CSR Rules;*
- (b) Activities undertaken in pursuance of normal course of business;*
- (c) Projects/programs/activities that benefit the employees of the Company;*
- (d) Direct or indirect contribution to any political party.*
- (e) 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;*
- (f) activities supported by the Company on sponsorship basis for deriving marketing benefits for its products or services; and/or*
- (g) activities carried out for fulfilment of any other statutory obligations under any law in force in India.*

CONSTITUTION OF CSR COMMITTEE

For the first time, the Board of directors of the Company (the “**Board**”) in their meeting held on August 3, 2018 had passed a resolution regarding constitution of a committee to be known as the “TSTS Corporate Social Responsibility Committee” or “**CSR Committee**”. Thereafter, the CSR Committee has been reconstituted on August 27, 2020.

Membership

The members of the CSR Committee shall be appointed by the Board from amongst the Directors of the Company.

Following were the first members of the CSR Committee of the Board of the Company:

- Mr. Petchimuthu Gopalakrishnan, Managing Director – Chairman and Member;
- Mr. Arunachalam Venkatash, Director – Member; and
- Mr. Heita Takeyama, Director – Member.



The CSR Committee is presently comprised of the following members:

- Mr. Arunachalam Venkatas, Managing Director – Chairman and Member;
- Mr. Heita Takeyama, Director – Member; and
- Ms. Mitalee Kaushal, Director – Member.

The Board shall have exclusive power to appoint/remove any member of the CSR Committee.

The Board shall appoint a Chairman of the CSR Committee (the “**Chairman**”).

The Board shall regularly review the membership of the CSR Committee to ensure that membership is refreshed and undue reliance is not placed on particular individuals as regards membership of the CSR Committee and other Board committees. Any vacancy to the CSR Committee shall be filled by the Board.

ROLE OF CSR COMMITTEE

- a. Formulation, development, amendment in policy framework and broad guidelines for selection of the projects, planning, budget execution and monitoring;
- b. Selection of a project in accordance with policy framework and guidelines, prepare a project report along with estimated cost and send for the approval of Board;
- c. Formulation of strategies for efficient implementation along with other stakeholders like civil society and implement the project as per guidelines;
- d. Supervision, coordination and implementation of CSR activities/ projects;
- e. Compilation of information and preparation of regular/ annual reports etc.;
- f. To coordinate with various other departments for exchange of information for promotion of CSR activities and ensure harmony in activities by different agencies;
- g. Submit periodically annual statements of physical and financial progress to the Board;
- h. To consider and approve the projects for CSR activities and submit annual budgetary allocation among various projects;
- i. To arrange workshops, training etc. to sensitize the staff for better implementation of the policy;
- j. To keep up-dated CSR policy including the changes/ clarifications suggested/issued by the Ministry of Corporate Affairs and other government agencies;



The CSR Committee shall formulate and recommend to the Board of Directors of the Company, an annual action plan in pursuance of its CSR policy and as required under the Act and Rules made thereunder. However, the 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.

MEETING OF CSR COMMITTEE

Frequency - Meetings shall be held at such times as the CSR Committee deems appropriate, and in any event shall be held not less than once a year.

Quorum - Quorum for the meeting of CSR Committee shall be minimum of two members. A duly convened meeting of the CSR Committee at which requisite quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the CSR Committee.

Attendance at Meetings - No one other than the Chairman and other members of CSR Committee are entitled to attend, be present or vote at a meeting of the CSR Committee. Any other member of senior management of the Company may be called upon to attend the said meeting with prior permission of the Chairman of CSR Committee or shall be able to express views at any meeting of the CSR Committee.

The CSR Committee may invite any other person as it thinks fit, to advice and/ or to join meetings of the CSR Committee as and when required notwithstanding that they are not member(s) of the CSR Committee.

Proceedings - Unless varied by these terms of reference, meetings and proceedings of the CSR Committee will be governed by the Company's Articles of Association regulating the meetings and proceedings of the Board of directors.

Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed and supporting papers, shall be sent to each member of the CSR Committee and any other person(s) required to attend the said meeting, well in advance of the meeting.

In case the Chairman of CSR Committee fails to attend or convey his/her non-availability at the scheduled meeting, the members present at the meeting shall elect one of them to chair the said meeting.

Authority

The CSR Committee is authorised by the Board to investigate any matter within its terms of reference at the expense of the Company. It is authorised to seek any information that it requires from any employee/ officer in order to perform its duties and all employees/ officers are directed to cooperate with any requests so made by the CSR Committee.

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The CSR Committee is authorised by the Board to obtain external professional advice at the expense of the Company, wherever deemed necessary and to secure the attendance of third parties with relevant experience and expertise at meetings of the CSR Committee if it considers this necessary.

REPORTING PROCEDURES

The CSR Committee shall:

- (a) Report to the Board on the proceedings of each meeting held by the Committee on all matters within the scope of its duties and responsibilities;
- (b) Make necessary recommendations to the Board whenever it deems appropriate on any area within its ambit where action or improvement is required;
- (c) Report on its responsibilities and activities during the year in a CSR Report to be published at the same time as the Company's annual report and accounts;
- (d) Include in the Annual Report about the implementation of CSR activities including physical and financial process.
- (e) Reflect the CSR activities in the annual accounts of the Company under the head 'Expenditure under CSR Activities' or "CSR Expenditure.
- (f) The Board's Report of the Company shall include an Annual Report on CSR, containing therein the particulars as specified in CSR Rules as per the format prescribed.
- (g) Disclose/ display the contents of this CSR policy on the website of the Company along with composition of the CSR Committee and projects/programs approved by the Board of Directors of the Company for public access.

MONITORING AND EVALUATION

The impact of the CSR activities undertaken should be quantified to the extent possible with reference to baseline data, to be created before the start of any project. Therefore, base-line surveys would be an integral part of CSR programme so that progress can be measured. Photographic record may be maintained wherever possible.

For proper and periodic monitoring of CSR activities, if considered necessary, the programmes undertaken under CSR policy may also be evaluated through a suitable independent external agency and the evaluation may be both concurrent and final.

In case of ongoing project(s), the Board of Directors of the Company shall monitor the implementation of the project(s) 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(s) within the overall permissible time period.

Annual General Meeting

The Chairman of the CSR Committee, if required, shall attend the Annual General Meeting of the Company to answer the questions relating to CSR Committee's activities, projects, initiatives taken and its responsibilities. The Chairman should also ensure that the Company maintains good contact with shareholders about CSR matters in the same way as for other matters.

BROAD GUIDELINES

- Discussions and interactions with various private/ Government bodies/ Government officials may be held to identify the areas for undertaking CSR activities;
- While identifying the CSR activities, emphasis shall be on the areas related to the business of the Company;
- A survey may be carried out to find out the needs and requirements of community before planning a project;
- The target beneficiaries, the local authorities, institutions etc. involved in similar activities if need be, may be consulted in the process of planning and implementation of CSR programmes;
- Based on the need analysis survey, prepare a detailed programme report reflecting content, objectives, major milestones, time frame for implementation, budget thereof and implementing agency. The investment in CSR activity would be project based and for every project, time-frame and periodic targets would be finalized at the outset along with the modalities for the concurrent and final evaluation.
- Ensure that the CSR activities are in accordance with the approved policy. Activities related to sustainable development will form a significant element.
- May assign CSR projects to NGOs/ specialized agencies under an MOU/ Agreement reflecting the mutual terms and conditions for the projected activities. The Committee should make all efforts to verify the reliability and past track record of the engaged agency and only agencies of good repute may be engaged.

AMENDMENT

This policy may be reviewed regularly and may be altered from time to time in light of legislative changes or other prevailing circumstances. Any modification/ amendment to the terms of reference under this CSR policy may be carried out by members of CSR Committee with the approval of the Board.



EFFECTIVE DATE

This CSR policy is effective from 23/10/2018. Any change or revision in the CSR policy shall be made only after taking approval from the CSR Committee and Board of directors of the Company.

Adopted on October 23, 2018

Revised on July 12, 2021



Arunachalam Venkatesh
(Chairman and Managing Director)