

CORPORATE SOCIAL RESPONSIBILITY POLICY

ARTIFICIAL ELECTRONICS INTELLIGENT MATERIAL LIMITED

(Compliance under Section 135 of the Companies Act, 2013)

1. Document Governance & Revision Controls

This document establishes the definitive statutory framework governing the Corporate Social Responsibility ('CSR') architecture of Artificial Electronics Intelligent Material Limited.

To ensure absolute compliance transparency for external retail investors, proxy advisory firms, and regulators, the tracking log below shall map all historical mutations, upgrades, and structural alignments of this Policy framework:

2. Corporate Philosophy & Preamble

At Artificial Electronics Intelligent Material Limited, our core operational paradigm is rooted in industrial innovation and deep technological responsibility. As pioneers handling sophisticated electronics and intelligent materials, we recognize that our progress must seamlessly enrich the external societal fabric. Our philosophy dictates that sustainable corporate governance is fundamentally co-dependent on the equitable advancement of our immediate ecosystems.

We view CSR not as a detached philanthropic check-signing mechanism or an isolated tax-like compliance burden, but as a systematic methodology to deploy capital into structural social engineering. The Company seeks to create profound social impact by leveraging technological precision, sustainable asset creation, and institutional capacity-building to support underserved and marginalized communities.

3. Policy Objectives & Scope

3.1 Core Objectives:

- **Strategic and Transparent Deployment of CSR Funds:** To establish a clear and structured framework for the planning, allocation, utilization, monitoring, and reporting of CSR funds, ensuring that such funds are deployed transparently, efficiently, and in accordance with the approved CSR initiatives and applicable laws.
- **Governance and Regulatory Compliance:** To define the respective roles and responsibilities of the Board of Directors and the CSR Committee in the formulation, implementation, supervision, monitoring, and reporting of CSR activities, ensuring compliance with the provisions of the Companies Act, 2013, the rules made thereunder, applicable SEBI regulations and listing requirements, and other applicable statutory and regulatory requirements.
- **Sustainable Social Impact:** To support CSR initiatives that generate measurable, sustainable, and inclusive social, economic, environmental, educational, healthcare, livelihood, and community-development outcomes, with appropriate mechanisms for monitoring and evaluating their impact.

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- **Accountability and Impact Assessment:** To establish appropriate systems for documenting CSR expenditure, monitoring project implementation, evaluating outcomes, and ensuring accountability of implementing agencies and other stakeholders involved in CSR activities.

3.2 Strategic Scope:

This Policy shall apply to all CSR initiatives, social development programmes, community development projects, capital assets created or supported through CSR funds, and funding mechanisms undertaken, implemented, or supported by Artificial Electronics Intelligent Material Limited ("the Company").

The scope of this Policy shall extend to all offices, branches, manufacturing facilities, R&D centers, assembly and operational locations of the Company across India, as well as to all eligible implementing agencies, institutional partners, NGOs, and other collaborating entities engaged in the execution of CSR initiatives on behalf of the Company.

4. Statutory Definitions & Interpretations

- **Act / Board / CSR Committee:** The statutory administrative committee formed by the Board of Directors of the Company under Section 135 of the Act.
- **CSR Rules:** The Companies (Corporate Social Responsibility Policy) Rules, 2014, including all subsequent legislative updates, amendments, and notifications issued by the Ministry of Corporate Affairs (MCA).
- **Administrative Overheads:** The standard operational costs incurred by the Company for general administrative management, supervision, and evaluation of CSR programs, specifically excluding direct expenses incurred for designing, implementing, and executing individual fields projects.
- **CSR Budget / Spend:** The financial allocation calculated every fiscal year representing a minimum of two percent (2%) of the average Net Profits calculated in absolute compliance with Section 198 of the Act.
- **Implementing Partner / Agency:** An enterprise or institution specified under Rule 4(1) of the CSR Rules, registered with the MCA via Form CSR-1, and selected to execute field operations on behalf of the Company.

5. Constitution, Role & Mandate of the CSR Committee

To establish a rigorous governance structure during this first-time application, the Board has formed a specialized Corporate Social Responsibility Committee. The composition satisfies all statutory expectations for listed companies by maintaining a balanced cross-section of executive skills and independent governance oversight.

5.1 Structural Composition of the CSR Committee:

The Committee comprises three (3) distinguished members of the Board, with at least one (1) position strictly occupied by an Independent Director to preserve unbiased alignment with public interest:

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Name of Committee Member	Designation within Committee	Category of Directorship
Ms. Rapala Virtanen Tarja Hannele	Chairman	Non-Executive and Independent Director
Ms. Uma Nandam	Member	Executive and Independent Director
Mr. Eswara Rao Nandam	Member	Non-Executive and Non-Independent Director

5.2 Mandate, Roles & Core Responsibilities:

The CSR Committee shall be responsible for providing strategic direction, oversight, and governance of the Company's CSR framework and shall discharge the following core responsibilities:

- **Formulation and Review of CSR Policy:** To formulate, review, and periodically update the Company's CSR Policy and recommend the same, together with any proposed amendments, to the Board of Directors for consideration and approval.
- **Annual CSR Action Plan:** To formulate and recommend to the Board a detailed Annual CSR Action Plan for each financial year, specifying the CSR projects and programmes to be undertaken, the geographical areas of implementation, proposed expenditure, implementation methodology, timelines, monitoring mechanisms, and other particulars as may be required under applicable law.
- **Due Diligence of Implementing Agencies:** To undertake or oversee appropriate due diligence of proposed Implementing Agencies and verify their eligibility, statutory registrations, legal standing, governance credentials, and compliance status, including verification of valid **CSR-1 registration** with the Ministry of Corporate Affairs, wherever applicable.
- **Monitoring and Financial Oversight:** To establish robust monitoring and review mechanisms for CSR projects to track implementation milestones, assess progress against approved objectives and budgets, verify appropriate utilization of CSR funds, and promote financial transparency and accountability throughout the project lifecycle.
- **Statutory Reporting and Board Oversight:** To review and submit the annual CSR report and other applicable CSR disclosures and compliance statements to the Board for approval and incorporation into the Company's Board's Report/Annual Report and other statutory filings, as applicable under prevailing law.
- **Regulatory Compliance:** To oversee the Company's compliance with applicable provisions of the Companies Act, 2013, the Companies (Corporate Social Responsibility Policy) Rules, 2014, applicable SEBI regulations and listing requirements, and other relevant statutory or regulatory requirements governing CSR activities.

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6. Strategic CSR Thrust Areas & Schedule VII Matrix

The Company's community capital deployment will be strictly mapped to activities designated under Schedule VII of the Companies Act, 2013. Given the tech-driven DNA of the company, special focus will be given to combining engineering precision with grassroots development:

6.1 Eradicating hunger, poverty, and malnutrition; promoting healthcare, including preventive healthcare and sanitation; and providing safe drinking water

6.2 Promoting education, including special education and vocational skills, particularly for children, women, elderly, and differently abled individuals.

6.3 Promoting gender equality and empowering women, establishing homes and hostels for women and orphans, old age homes, and facilities for senior citizens.

6.4 Environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources, and maintaining soil, air, and water quality, including contributions to the Clean Ganga Fund.

6.5 Protection of national heritage, art, and culture, including restoration of historical sites, promotion of traditional arts and handicrafts, and setting up public libraries.

6.6 Support for armed forces veterans, war widows, and their dependents, including Central Armed Police Forces and Central Paramilitary Forces veterans.

6.7 Promotion of sports, including rural sports, nationally recognized sports, Paralympic sports, and Olympic sports.

6.8 Contributions to government relief funds, such as the Prime Minister's National Relief Fund or PM CARES Fund, for socio-economic development and welfare of marginalized groups.

6.9 Support for research and development, including contributions to incubators, public-funded universities, IITs, national laboratories, and autonomous bodies engaged in science, technology, engineering, and medicine to promote Sustainable Development Goals (SDGs),

6.10 Rural development projects.

6.11 Slum area development.

6.12 Disaster management, including relief, rehabilitation, and reconstruction activities.

7. Annual CSR Action Plan & Financial Framework

The CSR Committee will prepare an Annual CSR Action Plan for the Board's approval ahead of each fiscal period. This operational plan defines exact financial commitments, project timelines, and geographical boundaries.

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7.1 Mandatory Financial Control Rules:

- The total annual budget allocated to CSR activities will represent at least 2% of the average net profits of the three immediately preceding financial years, calculated in strict compliance with Section 198.
- Any unbudgeted financial surplus arising out of CSR projects will not form part of the regular business profits of the Company. It will be immediately redirected into the same project or transferred to the statutory unspent account.

8. Modes of Project Execution & Partner Due Diligence

Artificial Electronics Intelligent Material Limited can execute its approved social projects through:

8.1 Direct Project Execution Mode:

The Company may utilize internal engineering, project management, and operations teams to execute CSR activities directly, leveraging its corporate resources and facilities to deliver community solutions.

These Members must meet the following eligibility criteria:

- The organization must be a company established under Section 8 of the Act, a registered public trust, or a registered society, holding valid registrations under Sections 12A and 80G of the Income Tax Act, 1961.
- The entity must maintain an active registration with the Ministry of Corporate Affairs, verified by a valid Form CSR-1 registration number.

9. Comprehensive Monitoring, Evaluation & Reporting

To ensure high standards of corporate governance, the company implements a continuous multi-layered monitoring framework to track project performance and financial deployment:

9.1 Field Monitoring and Financial Audits:

- Project execution teams will submit standard quarterly progress updates to the CSR Committee, tracking both physical deliverables and financial milestones.
- Internal sustainability officers will conduct periodic, unannounced field visits to verify project milestones and capture high-resolution photographic evidence.
- Implementing partners must provide audited fund utilization certificates, backed by itemized receipts and project logs, prior to the release of subsequent funding tranches.

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9.2 Statutory CFO Certification:

In accordance with regulatory provision, the Chief Financial Officer (CFO) or the person responsible for financial management will review the financial logs of all CSR projects and provide an annual formal certification confirming that all disbursed funds have been utilized in strict compliance with approved plans.

10. Legal Treatment of Unspent Funds & Surplus Management

To maintain complete transparent compliance, the Company enforces strict protocols for handling any unspent annual CSR balances:

10.1 Management of Balances under Approved Ongoing Projects:

Where any portion of the CSR amount remains unspent in relation to an approved ongoing CSR project, such amount shall be dealt with and transferred to the designated Unspent Corporate Social Responsibility Account, where applicable, and utilized exclusively for the approved ongoing CSR project, in accordance with the applicable provisions of law and prescribed regulatory requirements.

10.2 Accountability and Disclosure:

The Company shall maintain appropriate records of all unspent CSR amounts and surplus arising from CSR activities and shall ensure their proper accounting, utilization, transfer, monitoring, and disclosure in accordance with applicable law and the Company's approved CSR governance framework

11. Review, Adaptations & Emergency Amendments

The CSR Committee will review this Policy periodically to ensure continuous alignment with statutory updates, MCA clarifications, and evolving community needs. Any proposed modifications or updates will be presented to the Board of Directors for review and formal approval before taking effect.
