

Corporate Social Responsibility Policy of Thirumalai Chemicals Ltd

1. Preamble

This document details the policy adopted by Thirumalai Chemicals Ltd towards Corporate Social Responsibility and lays down guidelines and mechanisms adopted for undertaking socially relevant programs/projects for sustainable development of the community. The CSR activities will be undertaken within the territory of India, with preference to the areas proximate to its operations.

2. Background

The Founders of Thirumalai Chemicals Limited (TCL) actively supported healthcare and educational institutions in Bombay and Madras from the early sixties; they were active in building, managing, and growing the SIWS (South India Welfare Society) schools and colleges, which in early days focused mostly on the weaker sections of the community. They set up the Thirumalai Charity Trust (TCT) in 1970 to manage philanthropic activities in an organised manner. From 1976 when TCL started business, it has been supporting these activities and ensuring effective delivery through the TCT, with special emphasis mainly in the present areas of Vellore and Ranipet Districts. By 1994, when the need for good schools became critical to serve the local community, including wards of employees, the TCT was assisted to set up the Akshaya Vidya Trust (AVT) to focus on education. The AVT has now three well run schools serving over 2500 children with over 1600 hailing from rural communities.

3. Guiding Principles of the CSR Policy

The following considerations guide the CSR initiatives of TCL

- Efforts must be well structured, and resources focused on key areas to be effective.
- Programmes must be relevant to the communities served.
- Independent, full time and well governed partner agencies as permitted by statute should manage and deliver these programmes under TCL's oversight. As the Company's ability to allocate funds may vary depending on profits, it is desirable that implementing partner agencies have also other donors / supporters, committed with related social objectives and focus. Long term partnerships are desirable for continuity and appraisal of sustainable results.
- The CSR spends can also be for creation or acquisition of a capital asset, but these will 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:
- TCL may engage organizations for designing, monitoring and evaluation of the CSR projects or programmes as well as for capacity building of their own personnel for CSR. Where found fit, TCL may collaborate with other Companies for undertaking projects or programmes

4. Focus Areas

The key focus areas of the CSR programs/projects of TCL would be education, healthcare, empowerment of women, community development services, which are relevant to the communities mainly proximate to TCLs operations. Other CSR projects or programs as permitted under Schedule VII of the Companies Act 2013 with permitted registered implementing agencies will be considered as need arises.

5. Governance

A>Responsibilities of the CSR Committee

The responsibilities of the CSR committee are:

- i. to formulate the CSR policy and to administer the policy directly or through implementing partner(s).
- ii. to ensure that projects/programmes are compliant with regulations and are monitored and reported effectively.
- iii. to recommend to the Board the fund allocation necessary for CSR activities to be undertaken by the Company in focus areas and items specified in Schedule VII of the Companies Act 2013, as amended from time to time
- iv. To formulate and recommend to the Board, an Annual Action Plan in pursuance of its CSR policy, which will include the following, namely: -
 - the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act.
 - the manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4.
 - the modalities of utilisation of funds and implementation schedules for the projects or programmes.
 - monitoring and reporting mechanism for the projects or programmes.
 - and details of need and impact assessment, if required for the projects undertaken by the Company.
- v. to submit to the Board a Half Yearly Monitoring Report

B>Responsibilities of the Board

The responsibilities of the Board are:

- i. Approval of the CSR policy and oversight
- ii. Satisfying itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and ensuring the Chief Financial Officer certifies to that effect.
- iii. In case of ongoing projects, to monitor the implementation of the project with reference to the Approved Annual Plan and alter such Plan to ensure smooth implementation if recommended by the CSR Committee.
- iv. To ensure that administrative overheads do not exceed five percent of total CSR expenditure of the Company for the Financial Year

6. CSR Spends

a) Unspent CSR amount

Any amount remaining unspent pursuant to any ongoing project will be transferred within a period of 30 days from the end of the financial year to a special account called the 'Unspent Corporate Social Responsibility Account', and such amount will be spent by the Company in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of 3 financial years from the date of such transfer, failing which the amount remaining unspent at the end of the three financial years in 'Unspent Corporate Social Responsibility Account' will be transferred to a Fund specified in Schedule VII, within a period of 30 days from the date of completion of the third financial year. Unspent CSR amount other than the amounts related to ongoing projects, will be transferred to a Fund specified in Schedule VII within a period of 6 months of the expiry of the financial year.

Explanation: 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 will 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

b) Surplus arising out of CSR activities

Any surplus arising out of CSR activities will not form part of business profits of the Company. The surplus amount will be ploughed back into the same project or will be transferred to the Unspent Corporate Social Responsibility Account and spent pursuant to this policy and annual action plan (or) Transferred to the Fund specified in Schedule VII of the Companies Act 2013 within six months of the expiry of the financial year.

c) Excess CSR spends

In case the Company spends an amount more than the requirement under Section 135 of the Companies Act, 2013, such excess amount may be set off against the future CSR spends as prescribed in the Rules

7. Reporting and Disclosures

- i. The Board's Annual Report of the Company will include the Annual Report on CSR containing particulars as specified in the prescribed Format under the Act and Rules.
- ii. If the average CSR obligation is ten crore rupees or more in the three immediately preceding financial years, the Company will undertake an impact assessment through an independent agency, of the projects having outlay of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study. The impact assessment report will be placed before the Board and annexed to the Annual report on CSR.

- iii. The composition of the CSR Committee, CSR Policy of the Company and Projects approved by the Board will be displayed on the Company's website.

8. Review

The CSR Policy will be, amended whenever necessary to accommodate changes in scope, process or evolving Regulations.