

TULSYAN NEC LIMITED

POLICY FOR CORPORATE SOCIAL RESPONSIBILITY (CSR)

Preamble

The Ministry of Corporate Affairs has enacted the Companies Act, 2013 replacing the old law, the Companies Act, 1956, regulating the Companies in India.

As per Section 135 of the Companies Act, 2013, every Company having net worth of Rs.500 Crore or more or turnover of Rs.1000 Crore or more or a Net Profit of Rs. 5 Crore or more during the immediately preceding Financial Year shall constitute a Corporate Social Responsibility (CSR) Committee of the Board. *However, if CSR obligation does not exceed Rs. 50 lakhs, in any year, the functions of CSR Committee during that year shall be discharged by the Board of Directors of the Company.*

The Section also requires to formulate a CSR Policy, which shall indicate the activities to be undertaken by the Companies as specified in Schedule VII of the Companies Act, 2013.

Further, the section also requires that the Board of Directors shall ensure that the company spends, in every financial year, at least 2% of the average net profits of the Company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy.

The concept of Corporate Social Responsibility has gained prominence from all avenues. Organizations have realized that Govt. alone will not be able to get success in its endeavor to uplift the downtrodden of Society. With the rapidly changing corporate environment, more functional autonomy, operational freedom etc. Tulsyan NEC Limited has adopted CSR as a strategic tool for sustainable growth.

For Tulsyan NEC Limited, CSR means not only investment of funds for social activity and relief to the under-privileged sections of the society but also integration of Business processes with social processes.

Guiding Principles for Selection & Implementation of Projects/Programs under CSR Policy

The Company's Registered and Corporate office is located at Chennai. It has its administrative office at Bangalore. The Company's Steel Division is situated in Gummudipoondi, Tiruvallur District, Tamil Nadu and Synthetics Division is situated in Karnataka.

The Company will carry out its CSR activities on its own or contribute funds any other eligible implementing agency, to carry on activities / multiyear projects or programmes indicated below. While the geographic focus of the CSR activities can be in and around the business operational area, the Company can support activities in any part of India, as per the Annual Action Plan, approved by the CSR Committee and the Board:

i) **Education:**

- Support for promotion of education of all kinds (school education, technical, higher, vocational and adult education), to all ages and in various forms, with a focus on vulnerable and under-privileged;
- Education for girl child and the under privileged by providing appropriate infrastructure and groom them as future citizens and contributing members of society;

ii) **Health, Hygiene and Sanitation:**

- Mobile medical unit, health awareness programmes and camps, medical check-ups, HIV/AIDS awareness initiatives, health care facilities and services, sanitation facilities;
- Eradicating hunger, poverty and malnutrition, promotion of 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;
- Reducing child mortality and improving maternal health;

iii) **Empowerment & Livelihoods and Community Development:**

- Employment enhancing vocational skills training, marketing support and other initiatives for youth, women, elderly, rural population and the differently abled, and livelihood enhancement projects;
- Promoting gender equality, empowering women, working for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- Assist in skill development by providing direction and technical expertise for empowerment;
- Encouraging youth and children to form clubs and participate in community development activities such as like cleanliness drives, plantation drives etc.

iv) **Environmental sustainability:**

- ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro-forestry, 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) **Heritage and Culture:**

- 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 arts and handicrafts;

vi) **Benefit to Armed Forces:**

- 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;

vii) **Sports:**

- Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;

viii) **Contribution to Funds set up by Government:**

- 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 funds for the welfare of the Scheduled Castes, Scheduled Tribes, other backward classes, minorities and women;

ix) **Contribution towards Science and Technology:**

- Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or the State Government or any agency or Public Sector Undertaking of Central Government or State Government;
- 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).

x) **Rural Development:**

- Rural development projects;

xi) **Slum Area Development:**

[The term '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]

xii) **Disaster management:**

Disaster Management, including relief, rehabilitation and reconstruction activities.

- xiii) Such other activities included in Schedule VII of the Companies Act, 2013 as may be identified by CSR Committee from time to time, which are not expressly prohibited.

It may be noted that the above activities are indicative and are activities that the Company may at any point of time engages but all such activities may not be taken up by the Company during the financial year. While the activities undertaken in pursuance of the CSR policy must be relatable to Schedule VII of the Companies Act 2013, the entries in the said Schedule VII must be interpreted liberally so as to capture the essence of the subjects enumerated in the said Schedule. The items enlisted in the amended Schedule VII, are broad-based and are intended to cover a wide range of activities.

The expenditure incurred for the following activities shall not be treated as CSR activity by the Company:

- (i) Activities undertaken in pursuance of the normal course of business;
- (ii) Activities undertaken outside India (except for training of Indian sports personnel representing any state or union territory at national level or India at international level);
- (iii) Contribution to political parties;
- (iv) Activities that benefit exclusively the employees of the Company;
- (v) Activities supported by the Company on sponsorship basis for deriving marketing benefits for its products or services;
- (vi) Expenses incurred by the Company for the fulfillment of any Act / Statute of regulations (such as Labour Laws, Environmental Laws, Land Acquisition Act etc.);

Surplus from CSR Activities

Any surplus arising out of the CSR activity shall:

- (i) not form part of business profits of the Company;
- (ii) should be ploughed back into the same project from which it has generated or shall be transferred to Unspent CSR Account of the Company, maintained separately for such surplus;
- (iii) Should be spent within 3 years from the date of such transfer to the Unspent CSR Account or transfer to a Fund specified in Schedule VII within a period of 6 months from the expiry of the financial year as decided by the CSR Committee and as per the Annual Action plan of the Company;
- (iv) Should not form part of Excess amount available for set-off with CSR obligation in immediately succeeding financial years.

Monitoring of CSR Activities

At the beginning of each financial year, the CSR Committee of the Board will prepare a list of CSR Projects/ Activities/Programmes which the Company proposes to undertake during such financial year, specifying the modalities of execution in the areas/sectors chosen with implementation schedules for approval of the Board.

The CSR Committee of the Board will devise a mechanism for various CSR Projects / Programs / Activities undertaken by the Company including conduct of impact studies of CSR Projects / Programs on a periodic basis, through independent third-party agencies according to the CSR Rules.

The CSR Committee will convene a meeting at least once in every year, if required, to approve and review the progress of CSR projects and monitor, review and evaluate the operations of the CSR Programmes at such frequency as it may deem fit to ensure orderly and efficient implementation of the CSR Programmes in accordance with the CSR Policy. In order to ensure transparency and communication with all stakeholders, the CSR Policy will be uploaded on the Company website so that it is available in the public domain.

The Company's approach to the above CSR activities or projects will also be based on partnership with the Government or like-minded not for profit organisations, agencies, etc.

The Company may carry out an impact assessment to know the results of its CSR activities being undertaken by the Company and review periodically to identify and assess the gaps, if any, in the approach and attend to mid-course corrections.

Annual Action Plan

The CSR activities can be undertaken either specific for one year or can undertake multi-year projects. The Committee in every financial year, will recommend an Annual Action Plan to the Board. This Annual Action plan will detail the following:

- (a) *The list of CSR projects or programs 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 programs;*
- (c) *The modalities of utilization of funds and implementation schedules for the projects or programs;*
- (d) *Monitoring and reporting mechanism for the projects or programs;*
- (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.*

Amendment

Any amendment or modification in the Companies Act, 2013 and any other applicable regulations relating to the CSR provisions / Policy shall automatically be applicable to the Company.
