

TSR DARASHAW LIMITED

Corporate Social Responsibility (CSR) Policy

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Background

On 27 February 2014 the Ministry of Corporate Affairs announced that Section 135 and Schedule VII of the Companies Act 2013 (hereby referred to as the "Act" as well as the provisions of the Companies (Corporate Social Responsibility Policy) Rules, 2014 would come into effect from 1st April, 2014.

With effect from 1st April, 2014, any Company, private limited or public limited, which either has a net worth of Rs. 500 crore or more; or a turnover of Rs. 1,000 crore or more; or net profit of Rs. 5 crore or more in any financial year, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility activities (for the purpose of calculating 2% of average net profits, net profits to be calculated as per the applicable provisions of section 135 of the Act read with the relevant rules in respect thereto).

The CSR activities must be with respect to any of the activities mentioned in Schedule VII of the Act. As per the Act and the Rules an eligible company is required to formulate a CSR Policy and upload the same on the company's website.

The Act requires companies to appoint a Corporate Social Responsibility Committee consisting of at least three directors (subject to rules). If a company is one that is required by the Act to appoint independent directors to its board, then the CSR committee must include at least one independent director. The CSR committee is required to recommend a formal CSR Policy. This document, which is to be submitted to the company's board, should recommend particular CSR activities, set forth a budget, describe how the company will implement the project, and establish a transparent means to monitor progress.

To formulate and monitor the CSR policy of the company, a CSR Committee of the Board has been constituted in the Board meeting held on 24th December, 2014 wherein it was resolved that all the three Directors of the Company Mr. P. D. Karkaria, Mr. Darashaw K. Mehta and Mr. Baman K. Mehta, shall be members of the CSR Committee.

The CSR Policy was approved by the Board at its meeting held on 24th December, 2014.

In view of resignation of Mr. P.D. Karkaria as Director and appointment of Mrs. Daisy Keki Dinshah Bamanji Mehta as Director of the Company, the Board of Directors in their Board Meeting held on 24th December, 2016 decided to reconstitute the CSR Committee and passed a board resolution to reconstitute the CSR Committee in place of earlier CSR Committee. Pursuant to Board Meeting dated 24th December, 2016, the New CSR committee comprises the following three Directors of the Company who shall be the members of the CSR Committee:

1. Mr. Darashaw K. Mehta-Chairman
2. Mr. Baman K. Mehta-Member
3. Mrs. Daisy Keki Dinshah Bamanji Mehta-Member

The CSR Policy of the Company as approved by the Board is as follows:

Purpose

The Policy has been produced to provide guidance relating to Corporate Social Responsibility to ensure that the Company operates on a consistent and compliant basis.

CSR Policy

M/s TSR Darashaw Limited, hereby referred to as the “Company”, is committed to give back to the community by engaging itself in activities in the field of healthcare, education, rural development, environmental sustainability and support to the poor section of the society. It seeks to further these objectives through trust, societies and other organisations which serve the society with similar objectives.

1. Constitution and functioning of CSR Committee

The Board of the Company will be responsible for (i) approving CSR policy and disclose its contents in Directors' Report of the company each year and on the company's website, (ii) ensure that activities are undertaken as per the CSR policy (iii) ensure that the company spends at least 2% of the average net profit during the three immediately preceding financial years on CSR activities.

The responsibilities of the CSR Committee include:

- a. To formulate and recommend the CSR policy to the Board which shall indicate the activities to be undertaken by the Company as specified in Schedule VII
- b. To recommend the amount of expenditure to be incurred
- c. To execute the CSR Policy that recommends CSR activities, the amount of expenditure to be incurred on the activities referred to and monitor CSR spends
- d. To monitor CSR activities through a transparent monitoring mechanism for Implementation of the CSR projects or programmes or activities undertaken by the Company.
- e. To periodically monitor the implementation of the CSR policy

2. Budget & Expenditure

The Company shall spend a minimum 2% of the average net profit during the three immediately preceding financial years on CSR activities.

Subject to provisions of sub-section (5) of Section 135 of the Act, the Company can undertake CSR activities through outside trusts, societies or companies only in India, provided that these have at least 3 years of track record of undertaking such activities. The Company may also collaborate or pool resources with other companies to undertake CSR activities and any expenditure incurred on such collaborative efforts would qualify for computing the CSR spends provided that the CSR Committees of the respective companies are in a position to report separately on such projects or programmes in accordance with these rules.

The Company may build CSR capacity through its own employees or through any implementation agency. However, the total expenditure should not exceed 5% of the total CSR expenditure in that year.

CSR expenditure shall include all expenditure including contribution to corpus for projects or programmes relating to CSR activities approved by the Board on the recommendation of its CSR Committee which fall within the purview of Schedule VII of the Act.

CSR expenditure will exclude those:

- i) incurred in the normal course of business
- ii) incurred for benefit of employees or their families
- iii) direct or indirect contribution to political party/group or person
- iv) direct or indirect contribution to religious association/organisation/outfit or person

In case any amount is left unspent, the Director's Report will specify the reasons for this

3. Focus Areas

After due deliberations of the Committee, it is proposed to channel the CSR efforts towards healthcare, education, rural development, environmental sustainability and support to the poor section of the society as mentioned in Schedule VII of the Act:

- eradicating hunger, poverty and malnutrition, promoting healthcare including preventive healthcare and sanitation and making available safe drinking water;
- Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled together with livelihood enhancement projects;
- 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;
- Ensuring environmental sustainability;
- Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports; and
- Rural development projects

4. Community Investment/CSR Activities - Request for Proposal, Due Diligence and Disbursement of Funds

The CSR activities/community investment shall be undertaken by the Company as per its stated CSR Policy, as projects or programmes or activities (either new or ongoing).

Community investments should bring a lasting benefit to society and as per the focus areas, promote healthcare and/or education and support the poor sections of the society.

Proposals by the CSR Committee regarding disbursement of community investment funding are subject to the following checks. All CSR projects should:

- Reflect the key themes of healthcare and/or education
- Ensure due diligence is completed for the trust/society/company including a field visit by the Company staff wherever possible
- Allow for staff engagement through volunteering where possible or appropriate

Once agreed by the CSR Committee, the list of projects will be submitted to the Board of Directors for approval.

On approval by the Board, the CSR Committee may release funding to the trust/society/company in the amounts agreed without further reference to the Board. Any deviations to projects previously approved by the Board must be resubmitted to the Board for reassessment and approval.

5. Monitoring

The CSR Committee is responsible for monitoring impact of CSR activities, projects and programmes undertaken. It will ensure a transparent monitoring process. Projects will be monitored through:

- Quarterly/half yearly/annual progress report (whichever are applicable)
- Fund utilization/expense report/project report/certificate
- Field visits by members of the CSR Committee or team constituted, if any – at least once for every project in the financial year, wherever feasible
- Employee volunteering initiatives wherever possible

6. Reporting

The Board of Directors of the Company shall, after taking into account the recommendations of CSR Committee, approve the CSR Policy for the Company and disclose contents of such policy in its report as per the particulars specified in the Annexure I and the policy shall also be displayed on the Company's website.

7. Declaration

The Company confirms that any profit arising out of CSR projects or programmes or activities shall not be included in business profits.

8. CSR Team and Employee Engagement

The CSR Committee will be responsible for CSR at the Company. No employee will carry out any activity in the name of the Company.

As much as possible, volunteering will be an important component of all CSR initiatives. Volunteering will be encouraged under the theme 'Partnering for Change' for all CSR activities of the Company as engaging employees in community investment programmes is an opportunity to sensitize them and increase camaraderie and bonding among them. Volunteering also ensures that the investments are maximized as colleagues are present to monitor progress and can check that funds are used for the purpose for which they have been given.