

CORPORATE SOCIAL RESPONSIBILITY POLICY

INTRODUCTION:

Corporate Social Responsibility can be defined as a concept whereby companies voluntarily decide to respect and protect the interest of a broad range of stakeholders and to contribute to a cleaner environment and a better society through active interaction.

The company endeavors to make CSR a key business process for sustainable development. **TCFC Finance Ltd** is responsible to continuously enhance shareholders wealth; 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 through its CSR initiatives will continue to enhance value and promote social sustainability, sustainable development of the environment and social welfare of the people and society at large, more specifically for the deprived and underprivileged persons.

OBJECTIVE:

The main objective of this policy is active involvement in the social and economic development of the society, in which we operate, share profits with the society through responsible business practices as well as good governance and bring positive changes to the lives of mankind.

SCOPE:

The Policy has been formulated by the CSR Committee and approved by the Board of Directors of the Company in compliance of Section 135 of the Companies Act, 2013 read with rules made thereunder. The Policy shall apply to all CSR activities undertaken by the Company in India as per Schedule VII of the Act.

CONSTITUTION OF CSR COMMITTEE:

Pursuant to the provisions of Section 135 of the Companies Act, the Board of Directors has constituted the CSR Committee on July 30, 2014. The Committee comprises of following Directors-

| Sr. No. | Name of the Director | Position | Category |
|---------|----------------------|-------------|----------------------|
| 1 | Mr. V.S. Srinivasan | Chairperson | Independent Director |
| 2 | Mrs. Tania Deol | Member | Managing Director |
| 3 | Mr. Venkatesh Kamath | Member | Executive Director |

The Board has power to re-constitute the committee from time to time in order to make it consistent with the Company's policy and applicable statutory requirement.

The CSR Committee shall:

- a. Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII;
- b. Recommend the amount of expenditure to be incurred on the CSR activities as referred in Schedule VII;
- c. Monitor the CSR Policy of the Company from time to time;
- d. Any other matter as may be considered expedient in furtherance of and to comply with the CSR Policy of the Company.

CSR ACTIVITIES:

Currently, the following activities are permissible under the CSR Activities:-

- Eradicating hunger, poverty and malnutrition, promoting 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;

- Promoting education, including special education and employment enhancing vocation 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 centres and such other facilities 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, agro forestry, conservation of natural resources and maintaining quality of soil, air and water;
- 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; promotion and development of traditional arts and handicrafts;
- Measures for the benefit of armed forces veterans, war widows and their dependents;
- Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;
- Contribution to the Prime Minister's National Relief 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;
- Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- Rural development projects.

- Any other Projects / activities the Government may include from time to time to the Schedule VII of the Companies Act, 2013 or allow through clarifications/ Circulars.
- Any ancillary or incidental activities required to be performed to undertake any of the projects mentioned above subject to the prior approval of the CSR Committee.

The CSR Activities shall not include the following: -

- Activities undertaken in pursuance of normal course of business of the Company;
- Activities that benefit only the employees of the Company and their families;
- Contribution of any amount directly or indirectly to any Political Party(ies) under section 182 of the Act;
- Any CSR projects/programs or activities undertaken outside India.

CONTRIBUTION TOWARDS THE CSR ACTIVITIES:

The Board of the Company shall ensure that the Company spends, in every financial year, at least two per cent of the average net profits of the Company made during the three immediately preceding financial years, in pursuance of the Policy.

Any surplus arising out of the contribution made for CSR Activities shall not form part of the business profit of the Company and shall be used for CSR only.

If the Company fails to spend such amount the Board shall, in its report specify the reasons for not spending the amount.

The contribution in CSR Activities shall only be made in India.

IMPLEMENTATION:

The Company shall give preference to the local area and areas around it where it operates for spending the amount earmarked CSR activities, However the Committee may identify such area, as may deem fit, and recommend it to the Board for undertaking CSR Activities.

A list of CSR activities which the Company plans to undertake the implementation in line with the objects of the Company and requirements as per the Act will be laid down before the Committee, specifying modalities of execution in the areas/sectors chosen and implementation schedules for the same.

If the Company decides to set up a trust or a society or a Company established under section 8 of the Act by the Company, either singly or alongwith its holding or subsidiary or associate Company, or alongwith any other Company or holding or subsidiary or associate Company of such other Company within India to facilitate implementation of its CSR activities in accordance with its stated CSR Policy, the following shall apply -

- a. The Company would need to specify the activities to be undertaken by such an agencies, for utilizing funds provided by it;
- b. The Company shall establish a monitoring mechanism to ensure that the allocation is spent for the intended purpose only;

The Company may also collaborate with other Companies for undertaking projects or programs for CSR activities in such a manner that the CSR Committees of the respective Companies are in a position to report separately on such projects or programmes.

The Company may build CSR capacities of their own personnel as well as of their implementing agencies through Institutions with established track records of at least three financial years but such expenditure shall not exceed 5 (five) percentage of the total CSR expenditure of the Company in a financial year.

MONITORING AND REPORTING:

The CSR Committee shall institute a transparent monitoring mechanism for implementation of CSR activities undertaken by the Company.

The Board of Directors of the Company shall periodically review the implementation of CSR Activities in accordance with this Policy.

The Committee will prepare the annual CSR Report and submit it to the Board.

DISCLOSURE:

The Company shall disclose in the prescribed format the details of CSR activities of the Company in the Directors' Report and on the website of the Company, as required under the Act and Rules.

AMENDMENTS:

The Board of Directors on its own and/or as per the recommendations of CSR Committee can amend this Policy, as and when required as deemed fit. Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the regulations on the subject as may be issued from relevant statutory authorities, from time to time.
