



**TATVA CHINTAN PHARMA CHEM LIMITED
CORPORATE SOCIAL RESPONSIBILTY POLICY**

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1. Introduction:

India's new Companies Act, 2013 ("the Act") has introduced several new provisions which change the face of Indian corporate business. One of such new provisions is Corporate Social Responsibility ("CSR"). The concept of CSR rests on the ideology of give and take. Companies take resources in the form of raw materials, human resources, etc. from the society. By performing the task of CSR activities, the companies are giving something back to the society.

The introduction of CSR provision in the Companies Act is a welcome step. This step will boost much required social projects with some professional management of the private sector.

2. CSR Objectives:

Tatva Chintan Pharma Chem Limited ("Tatva Chintan or the Company") is not only committed to being a good corporate, but also to being a good neighbor in the communities whom we call home. We contribute as a company to various charitable causes and we seek to participate in ways that touch people's lives in these communities. The Company aims to create educated, healthy, sustainable and culturally vibrant communities. We also support employees' commitment to our communities through various programs including initiatives and volunteerism.

The Company intends to be a significant contributor to CSR initiatives in India by devising and implementing social improvement projects for the benefit of underprivileged communities, towns and villages.

3. Constitution of CSR Committee:

The Company has re-constituted the "Corporate Social Responsibility Committee" (the "CSR Committee") in accordance with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 ("CSR Policy Rules, 2014"), as amended from time to time by passing resolution in its board meeting held on 03 March 2021, to ensure that the purpose of this Policy is being achieved.

The composition of the re-constituted CSR committee of the Board is as under:

- Avani Rajesh Umatt - Chairperson
- Subhash Ambubhai Patel - Member
- Ajay Mansukhlal Patel - Member

Invitees to the CSR Committee: The CSR Committee may, at its discretion, invite or appoint employees of the Company from time to time to participate in the meetings of the CSR Committee and assist the CSR Committee in the implementation of the CSR Policy. Invitees to the CSR Committee meetings shall be entitled to participate in the deliberations of the CSR Committee but will not be entitled to vote at the meetings of the CSR Committee.

4. Role and Responsibilities of the Committee:

- (a) Formulate Corporate Social Responsibility policy (CSR policy) and recommend the same to the Board for its approval;
- (b) To Formulate and recommend to the Board, an Annual Action Plan in pursuance to the CSR Policy;
- (c) Identification, selection, approval, planning, execution, supervision, co-ordination and monitoring of various programs/projects and activities under CSR;
- (d) To recommend the CSR activities/projects and the amount to be expended on such activities/projects, to the Board that the company plans to undertake during the relevant financial year;
- (e) Monitor the implementation of the CSR activities/projects from time to time;
- (f) Institute a transparent monitoring mechanism for implementation of the projects/programs/activities undertaken or proposed to be undertaken by the company;
- (g) Review performance of the company in the area of “Corporate Social Responsibility” and decide the priority of the activities to be undertaken; and
- (h) Monitor the Corporate Social Responsibility Policy of the company from time to time.

5. Functions of CSR Committee:

- (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 of the Companies Act, 2013 and the rules made thereunder, as amended from time to time, monitor the implementation of the same from time to time, and make any revisions therein as and when decided by the Board;
- (b) Identify corporate social responsibility policy partners and programmes;
- (c) review and recommend the amount of expenditure to be incurred on the activities referred to in clause (a) and the distribution of the same to various corporate social responsibility programs undertaken by the Company;

(d) Delegate responsibilities to the corporate social responsibility team and supervise proper execution of all delegated responsibilities;

(e) Review and monitor the implementation of corporate social responsibility programmes and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes;

(f) Review and Monitoring CSR Annual Action Plan from time to time;

(g) any other matter as the Corporate Social Responsibility Committee may deem appropriate after approval of the Board or as may be directed by the Board, from time to time; and

(h) Exercise such other powers as may be conferred upon the Corporate Social Responsibility Committee in terms of the provisions of Section 135 of the Companies Act.

6. Scope of activities under CSR initiative:

The CSR activities will be undertaken by the company is aligned to the provisions of Schedule VII of the Companies Act, 2013 . The CSR Committee is empowered to undertake activities provided within the ambit of Schedule VII read with Companies (Corporate Social Responsibility Policy) Rules, 2014.

The following are the activities which can be undertaken by the Company as specified in Schedule VII:

(a) 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;

(b) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;

(c) Promoting gender equality and 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;

(d) 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;

- (e) 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;
- (f) 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;
- (g) Training to promote rural sports, nationally recognised sports, paralympic sports and olympic sports
- (h) 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 or for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- (i) (a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and

(b) 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).
- (j) Rural development projects;
- (k) Slum area development.

Explanation- For the purposes of this item, 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.
- (l) Disaster management, including relief, rehabilitation and reconstruction activities.
- (m) The scope of activities may be expanded from time to time as per the guidelines provided in the Companies Act.

7. Implementation approach:

The Board of the Company will undertake its CSR activities either by the Company itself or through:

- (a) a company established under section 8 of the Act, or a registered public trust or a registered society exempt under sub- clauses (iv), (v) (vi) or (via) of clause (23C) of Section 10 or registered under section 12A and approved under 80G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company, or
- (b) a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or
- (c) any entity established under an Act of Parliament or a State legislature; or
- (d) a company established under section 8 of the Act, or a registered public trust or a registered society exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of Section 10 or registered under section 12A and approved under 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

The Board of the Company will ensure that before undertaking CSR activities from the above registered entity, has registered itself with the Central Government by filing Form CSR-1 electronically with the Registrar of Companies.

The Board of the company may undertake its CSR activities through registered trust or registered society, or a company established by the company or its holding or subsidiary or associate company under Section 8 of the Act or otherwise, provided that, if such trust, societies or company is not established by the company or its holding or subsidiary or associate company, it shall have an established track record of three years in undertaking similar projects and programs.

Provided also that, the company has specified the projects or programs to be undertaken through these entities, the moralities of utilization of funds on such projects and programs and the monitoring and reporting mechanism.

The Company may engage international organization for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy as well as for capacity building of their own personnel for CSR.

The company may also collaborate with other companies for undertaking projects or programs or CSR Activities in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or programs in accordance with CSR policy Rules, 2014. However, the CSR Committee of such group Companies or Associate Companies shall provide separate reports on such projects or

programs in accordance with the applicable laws.

8. Monitoring and Reporting:

The Board of Directors of the company shall report in the Board's Report a detailed description as per the prescribed format, of the CSR activities undertaken and status update thereof.

The CSR Committee is responsible for undertaking the CSR activities and ensuring that the CSR Budget is utilized as per the statutory requirement.

During every financial year, the CSR Committee will meet at least twice in a year for the purpose of undertaking overview of the CSR activities. The committee shall review and discuss the scope of the activities or programs or projects those were undertaken during the financial year as a part of the company's CSR activities/projects. The Board of Directors of the Company shall from time to time review CSR activities of the Company.

9. Rules Governing CSR Policy:

1. As per the CSR Policy, the company shall undertake such CSR activities as projects or programs (either new or ongoing) not comprising the activities undertaken in pursuance of its normal course of business.
2. The company shall not consider the CSR activities as CSR projects or programs or activities that benefit only the employees of the company and their families. This may also encourage its employees to actively and voluntarily participate in the CSR initiatives undertaken by the company.
3. Only the CSR projects or programs or activities undertaken by the company in India shall amount to CSR expenditure except for training of Indian sports personnel representing any State at a national level or India at the International level.
4. In no case, the surplus arising out of the CSR activities shall form a part of "business profits" of the company.
5. Contribution made by the company of any amount directly or indirectly to any political party shall not be considered as "CSR activity".
6. The company may build CSR capacities of its own personnel as well as those of their Implementing agencies through Institutions with established records of at least three financial years, however, such expenditure (including administrative overheads) shall not exceed five percent of total CSR expenditure of the company in one financial year.

10. Funding, Allocation and Tax Treatment of CSR spend:

1. The Board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.
2. For achieving its CSR objectives through implementation of meaningful and sustainable CSR programs, the Company will allocate 2% of average of its net profits computed as per section 198 of the Companies Act, for the three preceding financial years made by the Company during “every block of three years” as its “Annual CSR Budget”.
3. Tax treatment of the CSR spend of the company during every financial year, shall be in accordance with the provisions of the Income Tax Act, 1961 and rules framed thereunder, as notified by the Central Board of Direct Taxes (CBDT) and as amended from time to time.
4. In any financial year, if the company fails to spend the required amount as mentioned above, the Board shall, in its report, specify the reasons for not spending the amount and unless the unspent amount relates to any ongoing project, transfer such unspent amount to a fund specified in Schedule VII of the Act within a period of six months of the expiry of the financial year.
5. Any surplus arising out of the CSR activities shall not form part of the business profit of a company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the company or transfer such surplus amount to a Fund specified in Schedule VII of the Act within a period of six months of the expiry of the financial year.
6. Any excess amount spent by the Company on CSR may be set off against the CSR requirement of immediately succeeding three financial years subject to below conditions:
 - A) excess amount available for set off shall not include surplus of CSR activity;
and
 - B) the Board to pass a resolution to that effect
7. A special bank account, called an Unspent CSR Account to be opened by the company in any scheduled bank.
8. CSR amount may be spent for creation or acquisition of Capital assets which shall only be held by company established under Section 8 of the Act or registered public trust or registered society having charitable objects and CSR Registration Number or beneficiaries of said project in form of self-help groups, collectives, entities or a public authority.
9. Any amount remaining unspent pursuant to any ongoing project, undertaken by

a company in pursuance of its CSR Policy shall be transferred by the company in the unspent CSR Account within a period of thirty days from the end of the financial year.

10. The amount transferred to the unspent CSR account shall be spent by the company in pursuance of its obligation towards the CSR Policy within a period of three financial years from the date of such transfer.
11. In case, the company fails to spend the unspent amount within a period of three financial years, it shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year.

11. Role of the Board of Directors:

The Board shall perform the following duties so far as the CSR Policy of the company and the activities relating thereto are concerned. It shall:

- (a) Approve the “Corporate Social Responsibility Policy” for the company after considering the recommendations made by the CSR Committee;
- (b) Approve the CSR Annual Action Plan of the Company as recommended by the CSR committee.
- (c) disclose the contents of the company’s CSR Policy in the Board Report and shall display the same on the company’s website;
- (d) ensure that the activities included in the CSR Policy of the company are undertaken by the company;
- (e) ensure that the company spends at least two per cent (2%) of the average net profits of the company made during the three immediately preceding financial years in every financial year;
- (f) ensure that preference is given to the local area and areas around it where it operates, for spending the amount allocated for CSR activities.
- (g) Satisfy itself that the funds so disbursed have been utilized for the purpose and in the manner as approved by the Board.
- (h) In case of ongoing project, the Board shall monitor the implementation of the project with reference to the approved timelines and year wise allocation and to make modification, if any for smooth implementation of the project within the overall permissible time period.
- (i) Administrative overheads shall not exceed five percent of total CSR expenditure of the Company for the financial year.

(j) To set off the amount spend in excess of the requirement.

12. Amendment in CSR Policy:

Any or all provisions of the CSR Policy would be subject to revision/amendment amendments by the Board of Directors of the company based on the recommendations of the CSR committee in accordance with the Companies Act, 2013 and rules made there under.

The company reserves the right to modify, cancel, add, or amend any of the provisions of CSR policy stated herein above.

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