

## A. Introduction

Torrent Power Limited has always been committed to the cause of social service and has consistently channelized part of its resources and activities, such that it positively impacts the society socially, ethically and environmentally. The Company has taken up various Corporate Social Responsibility (CSR) initiatives improving the quality of life of the people and making quality value addition to the society.

## B. CSR Object

The Company channelizes its CSR activities in light of its guiding principle as enumerated by its founder- Shri U. N. Mehta: ***“Giving back to the society, for all the years of care, support and nurturance that is being bestowed upon the organization”.***

The Company firmly believes that CSR is primarily the responsibility of the Company in relation to the impact of its decisions and Projects / Activities on the society and also environment, through a transparent and ethical behavior which is:

- (a) consistent with sustainable development and welfare of society,
- (b) taking into account the expectations of stakeholders,
- (c) in compliance with the applicable laws, and
- (d) uniformly integrated and practiced throughout the Company

## C. Scope

In furtherance of its CSR objects, the following are covered under this Policy:

- i. CSR Projects / Activities implemented by the Company directly on its own
- ii. CSR Projects / Activities implemented in collaboration with other companies including Group Companies.
- iii. CSR Projects / Activities implemented by the Company through a Registered Public Trust or Registered Society or Section 8 Company.

## D. Definitions

In this Policy, unless the context otherwise requires:

- 1. “Act” shall mean the Companies Act 2013 and rules made thereunder, including any modifications, amendments, or re-enactment thereof.
- 2. “Administrative overheads” means the expenses incurred by the Company for ‘general management and administration’ of CSR functions in the Company but

shall not include expenses directly incurred for designing, implementation, monitoring, and evaluation of a particular CSR Project / Activity.

3. "Annual Action Plan" shall mean the annual plan detailing the following:
  - (a) the list of CSR Projects / Activities 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 / Activities;
  - (c) the modalities of utilisation of funds and implementation schedules for the Projects / Activities;
  - (d) monitoring and reporting mechanism for the Projects / Activities; and
  - (e) details of need and impact assessment, if any, for the projects undertaken by the Company;
4. "Approved Budget" shall mean total budget as approved by the Board of the Company upon recommendation of the CSR Committee, which is to be utilized for CSR Projects / Activities.
5. "Board" shall mean the Board of Directors of the Company.
6. "Company" shall mean Torrent Power Limited and wherever the context requires, shall signify the Company acting through its Board.
7. "Corporate Social Responsibility (CSR) Projects/ Activities" means the Activities undertaken by a Company in pursuance of its statutory obligation laid down in Section 135 of the Act but shall not include the following:
  - i. Activities undertaken in pursuance of normal course of business of the Company;
  - ii. Any Activity undertaken by the Company 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 of any amount directly or indirectly to any political party under section 182 of the Act;
  - iv. Activities benefitting employees of the Company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);
  - v. Activities supported by the Company on sponsorship basis for deriving marketing benefits for its products or services;
  - vi. Activities carried out for fulfilment of any other statutory obligations under any law in force in India;
8. "CSR Committee" shall mean the Corporate Social Responsibility Committee constituted by the Board of the Company in accordance with the Act.

9. "Financial Year" shall mean the period beginning from 1<sup>st</sup> April of every year to 31<sup>st</sup> March of the succeeding year.
10. "Group Companies" shall include -
- i. a holding, subsidiary or an associate companies of the Company; or
  - ii. subsidiary of a holding company to which the Company is also a subsidiary and shall include its subsidiary or an associate companies.
11. "Implementing Agency" or "Agencies" means any Section 8 Company or a Registered Trust or a Registered Society, performing CSR Projects / Activities, established by the Company or along with any other company or Group Companies or such other entities having an established track record of atleast three years in undertaking CSR activities, including any entity established by the Central Government or the State Government or an entity established under an Act of the Parliament or the State legislature for the benefit of the society.
12. "Net profit" means the net profit of a Company as per its Financial Statement prepared in accordance with the applicable provisions of the Act, but shall not include certain items specified in the Act, and shall be calculated in accordance with the provisions of section 198 of the Act.
13. "Ongoing Project" means a multi-year Project / Activity undertaken by the Company in fulfilment of its CSR obligation having timelines not exceeding three years excluding the Financial Year in which it is commenced and shall include such project that is initially not approved as a multi-year project but whose duration has been extended beyond one year by the Board based on reasonable justification to that effect.
14. "Thrust Areas" shall have the meaning as ascribed to them as per provision "F" of the Policy.
15. "Unit" shall include each of the following:
- Agra Transmission and Distribution (T&D)
  - Ahmedabad T&D (including Gandhinagar)
  - Surat T&D
  - Bhiwandi T&D
  - AMGEN
  - Shil, Mumbra & Kalwa (SMK) T&D
  - Dholera Special Industrial Region (SIR) T&D
  - DGEN
  - Corporate Office

- SUGEN
- Any other Unit of the Company established in future

#### **E. Interpretations**

Words and expressions used and not defined in the Policy shall have the same meanings respectively assigned to them in the Act.

#### **F. Thrust Areas:**

While the Company is eligible to undertake any suitable/ rightful Projects / Activities as specified in Schedule VII of the Act, however, at present, it proposes to undertake the relevant activities on priority basis in the following three Thrust Areas:

##### **1.1 Community healthcare, sanitation and hygiene, including, but not limited to:**

- (1) Establishment and management of state-of-the-art healthcare infrastructure with high level of excellence.
- (2) Providing financial and/ or other assistance to the Implementing Agencies involved in exclusive medical research, public health, nursing etc.
- (3) Providing financial assistance to deserving people for specialized medical treatment in any medical institution.
- (4) Activities concerning or promoting:
  - a. General health care including preventive health care
  - b. Safe motherhood
  - c. Child survival support programs
  - d. Health/ medical camps
  - e. Better hygiene and sanitation
  - f. Adequate and potable water supply, etc.

##### **1.2 Education and knowledge enhancement, including, but not limited to:**

- (1) Establishment and management of educational and knowledge enhancement infrastructure.
- (2) Providing financial and/ or other assistance to the needy and/or deserving students.
- (3) Providing financial assistance to any Implementing Agency involved in education, knowledge enhancement and sports.
- (4) Facilitate enhancement of knowledge and innovation in the

educational agencies.

- (5) Contribution to technology incubators located within academic institutions which are approved by the Central Government.

**1.3 Social care and concern, including, but not limited to:**

- (1) Creating Public awareness
- (2) Protection and upgradation of environment including ensuring ecological balance and related activities.
- (3) Rural development projects
- (4) Others:
  - a. Establishment and management of orphanages, old age homes, sanatoriums, dharmashalas and institutions of similar nature.
  - b. Providing assistance to institutes of credibility involved in areas of social care, including:
    - Preservation of heritage
    - Animal welfare, social welfare and related matters
    - Orphanages, old age homes, sanatoriums, dharmashalas and institutions of similar nature.
  - c. Other humanitarian activities.

**G. Identification of CSR Projects / Activities:**

1. CSR Projects / Activities need to be identified and planned for approval of the CSR Committee, in particular, in Thrust Areas with estimated expenditure and phase wise implementation schedule.
2. The Company shall ensure that in identifying its CSR Projects / Activities, preference shall be given to the local area and the areas around which the Company (including its Units) operates. However, this shall not bar the Company from pursuing its CSR Projects in other areas.
3. As a cardinal principle, the CSR Projects / Activities in Thrust Areas, shall be identified on the basis of a detailed assessment survey.

**H. Implementation of CSR Projects / Activities**

The Company shall implement the identified CSR Projects / Activities by the following means:

**I. Direct Method**

1. The Company may itself implement the identified CSR Projects / Activities presently within the scope and ambit of the Thrust Areas as defined in the

Policy;

2. The Company, may collaborate with other Companies, including its Group Companies if required, for fulfilling its CSR objectives through the Direct method, provided that the CSR Committees of the respective companies are in a position to monitor such CSR Projects / Activities separately.

## **II. Indirect Method**

1. The Company may implement identified CSR Projects / Activities through Implementing Agencies, subject to the condition that:
  - The Projects / Activities, pursued by such Agencies are covered within the scope and ambit of Section 135 / Schedule VII of the Act; provided that the Company has specified the CSR Projects / Activities to be undertaken through Implementing Agency, the modalities of utilization of funds on such CSR Projects / Activities, and monitoring and reporting mechanism.

## **I. Monitoring**

Monitoring process for the CSR Projects / Activities shall include following:

- Evaluation of Planned Progress V/s Actual Progress
- Actual expenditure V/s expenditure as per Approved Budget
- CSR fund utilization certification by the Chief Financial Officer(CFO) of the Company

## **J. Fund allocation, Impact Assessment and Others**

### **A. Fund allocation**

1. The Company, in every Financial Year, shall endeavor to spend the feasible amount, which shall not be restricted by the statutory limit of a specified percentage of its average net profits of the immediately preceding three Financial Years. However, the aforementioned expenditure in any financial year shall be at least 2% of the average Net Profits of the Company for the three immediately preceding Financial Years. Amount spent in excess of requirement of 2% may be set-off against the requirement to spend under the Act up to immediate succeeding three Financial Years, subject to approval of the Board.

The CSR Committee shall prepare and recommend, to the Board, Annual Action Plan and Budget for implementation of CSR Projects / Activities. The Board shall consider and approve Annual Action Plan and Budget recommended by the CSR Committee and based on reasonable justification, the Board may alter the above plan at any time during the Financial Year after considering recommendations of the CSR Committee.

2. In case the Company fails to spend the statutory minimum limit of 2% of average net profits the Company of the immediately preceding three years, in any given Financial Year, the Board shall specify the reasons for the same in its report and unless the unspent amount relates to any Ongoing Project / Activity, 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. Unspent CSR funds of Ongoing Project / Activity will be transferred within a period of thirty days from the end of the Financial Year to a special account, opened by the Company in a scheduled bank titled "Unspent Corporate Social Responsibility Account". Such amount shall be spent by the Company towards CSR Projects/ Activities within a period of three Financial Years from the date of such transfer and failing which, the balance unspent CSR Fund, if any, shall be transferred to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third Financial Year.

#### **B. Impact Assessment**

1. The Company shall undertake Impact Assessment, through an independent agency, of the CSR Projects / Activities having outlays of Rupees one crore or more, and which have been completed at least one year before undertaking the impact study.
2. Impact Assessment Report shall be placed before the Board and shall be annexed to the Annual Report on CSR Projects / Activities.
3. The Company may book the Impact Assessment expenditure towards CSR Projects / Activities for that Financial Year, which shall not exceed 5% of the total CSR expenditure for that Financial Year or Rupees fifty lakh, whichever is less.

#### **C. Others**

1. The CSR Committee shall ensure that major portion of the CSR expenditure in the Annual Action Plan shall be for the CSR Projects / Activities in the Thrust Areas. However, there shall not be any preference given to any particular Thrust Area for budgetary allocation and it shall be made purely

as per the need of identified CSR Projects / Activities.

2. Any surplus arising out of the CSR Projects / Activities shall not form part of the business profit of the Company and shall be ploughed back into the same CSR Project / Activity or shall be transferred to the Unspent CSR Account and spent in pursuance of this Policy and/ or Annual Action Plan or transfer to a Fund specified in Schedule VII of the Act, within a period of six months of the expiry of the Financial Year.
3. Administrative overheads shall not exceed 5% of the total CSR expenditure of the Company in one Financial Year.

## **K. Duties and responsibilities**

### **I. Board of Directors**

- i. The Board shall consider and approve Annual Action Plan and CSR Budget and modification, if any, based on the recommendation of the CSR Committee.
- ii. The Board shall decide whether a Project / Activity is to be considered as an Ongoing Project based on reasonable justification to that effect.
- iii. The Board shall include in its Report an Annual Report on CSR Projects / Activities as per the format prescribed in the Act.
- iv. The Board shall satisfy itself that the CSR funds disbursed have been utilised for the purpose and in the manner as approved by it and the CFO or the person responsible for the financial management of the Company shall certify to the effect.
- v. In case of Ongoing Project / Activity, the Board shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and may make modifications for smooth implementation of the project within the overall permissible time.
- vi. The Board to decide on whether to set-off excess amount spent on CSR Projects / Activities or not.
- vii. The Board shall ensure that the composition of the CSR Committee, CSR Policy and CSR Projects / Activities approved are displayed on the website of the Company.
- viii. The Board shall ensure compliance of CSR Policy and Section 135 of the Act.

### **II. CSR Committee**

- i. The Committee to prepare Annual Action Plan of CSR Projects / Activities



to be undertaken in pursuance of CSR Policy and recommend the same to the Board with CSR Budget.

- ii. The CSR Committee shall monitor implementation of CSR Policy and Annual Action Plan. For this purpose, the CSR Committee shall meet atleast twice a year.
- iii. In discharge of CSR functions of the Company, the CSR Committee shall be directly responsible to the Board for any act that may be required to be undertaken by the CSR Committee in furtherance of its statutory obligations, or as required by the Board.
- iv. The CSR Committee shall place before the Board the draft Annual Report on CSR Projects / Activities as per the format prescribed in the Act preferably in the Board meeting to be held to consider the annual financial results.

#### **L. Review and Amendment**

- i. Annual Action Plan may be revised / modified / amended by the Board based on the recommendation of the CSR Committee at any time as it may deem fit.
- ii. In case of any statutory modification or amendment or alteration in the provisions of the Act, the newly modified /amended / altered provisions of the Act shall be deemed to be implemented in the policy immediately with effect from the date of the statutory notification for modification / amendment / alteration etc. The amended policy shall be placed before the CSR Committee and the Board preferably by next meeting for ratification and for approval.

\*\*\*\*\*