



TD POWER SYSTEMS LIMITED

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CORPORATE SOCIAL RESPONSIBILITY POLICY

TD Power Systems Limited (*The Company*) or (*TDPS*), adopts this Corporate Social Responsibility Policy (“*CSR Policy*”) recommended by the CSR Committee and approved by the Board of Directors at its meeting held on February 11, 2015.

PREAMBLE

TDPS believes that Corporate Social Responsibility (*CSR*) efforts should be sustainable resulting in social and environmental benefits. TDPS proposes to deploy CSR funds in meaningful action to make a positive difference to society.

OBJECTIVES

The main objective of this CSR Policy is to lay down guidelines to attain CSR objectives in a professional and an integrated manner. This Policy outlines CSR initiatives which TDPS proposes to undertake in a defined time frame, specifies the modalities of execution in the areas chosen and the implementation schedule.

CSR FOCUS AREA AND LOCATION

Schedule VII to the Companies Act, 2013 (*the Act*) lists down the activities which may be undertaken by the Companies as a part of their corporate social responsibility initiatives. Out of this, TDPS initially proposes to focus in areas such as *Environment* (Waste-to-energy processes, greening of the environment) *Water* (Revival of water bodies, groundwater recharge, storm water management, water supply) *Sanitation* (access to toilets for all, treatment of wastewater, reuse of treated water) and *Solid Waste Management* (Reduce, reuse, recycle) with a five year road map.

TDPS believes that tangible and accelerated social benefit will be derived if the Company focuses its CSR activities in one geographical area /location and accordingly the proposed CSR initiatives will be

executed mostly in and around villages in Nelamangala taluk, Bangalore Rural District where the Company’s operations are situated currently.

In addition, the company may consider undertaking other permitted CSR activities from to time including making contributions to the specific funds mandated by the Central/ State Government of India like Prime Minister’s Relief Fund etc.

METHODOLOGY & PROCESS

The CSR objectives /initiatives will generally be driven by the following methodology and process:

- Engage with experts in domain and change management
- Work with communities and local governments to evolve environmentally sustainable habitats
- Interface with multiple stakeholders to evolve integrated and long-term solutions
- Development of CSR strategy and policy, operationalizing the Institutional mechanism, Identification of implementation partner, project development, project approval financing the arrangement with the implementing agency, project Implementation, progress monitoring and reporting, impact measurement, report consolidation and communication

INSTITUTIONAL MECHANISM

Board of Directors

The Board of Directors of the company are mandated to form a CSR committee, approve CSR policy, ensure implementation of CSR policy/ activities, ensure 2% spend and disclose reasons for not spending the amount (if applicable).

CSR Committee

The Board of Directors of the Company has constituted a Corporate Social Responsibility (CSR) Committee of Directors which will play the following role in fulfilling the Company’s CSR objectives and guide the CSR process:

- Formulation and review of this CSR Policy indicating the activities to be undertaken by the Company towards CSR initiatives
- Recommendation of the amount of expenditure to be incurred on the CSR activities
- Identification of implementation partner
- Formulation of a transparent monitoring mechanism for ensuring implementation of the projects/ programmes/ activities proposed to be undertaken by the Company or the end use of the amount spent by it towards CSR activities.

- Monitor and implement this Policy from time to time
- Annually, report to the Board, status of the CSR activities and contributions made by the Company
- Any other requirements mandated under the Act and Rules issued thereto

PARTNER ORGANISATIONS

CSR objectives and initiatives are proposed to be implemented in partnership with reputed and experienced CSR advisory and execution organizations (*CSR Partners*). However, while entering in to partnership with such organizations, the Company shall ensure that the said organizations have impeccable track record of service, performance, governance and accountability.

CSR FUND

The Company proposes to spend 2% of the Net profit on Corporate Social Responsibility. Net Profit shall be calculated as per the provisions of Companies Act, 2013 or such other legislation as may be applicable from time to time.

CSR EXPENDITURE

CSR expenditure shall include all expenditure relating to CSR activities approved by the Board on the recommendation of its CSR Committee.

MONITORING

The Company shall be entitled to receive the following information from the CSR Partners:

- Operational / progress reports from time to time along with a consolidated statement of expenses as requested by the Company.
- Any information or circumstance which may affect the implementation of the Project Plan or the activities of the CSR Partner in general.
- To ensure steady progress and proper utilization of CSR amount, the following monitoring mechanism may be adopted:
 - Periodic field visits by the persons deputed by the Company and/or Directors of the company.
 - Undertaking sample internal audit of the projects/ activities;
 - Review of the reports submitted by the CSR Partner.

The CSR partners shall allow the Company, its management, its auditors (internal or external), their agent(s) appointed to act on its behalf and / or its regulators to enter upon its premises and monitor, inspect, examine and audit the CSR Partner operations and records which the Company, its management, its auditors (internal or external), their agent appointed to act on its behalf and / or its

regulators in their absolute discretion deem to be relevant, including conducting of annual review of the financial and operational condition of the CSR partners.

The CSR Committee may engage external agencies to evaluate the CSR projects and monitor its progress. The Committee would constantly monitor the implementation of the CSR projects and the utilization of the CSR amount.

DISSEMINATION OF INFORMATION

On a quarterly basis, the CSR Committee shall report to the Board of the Company, as to the status of the CSR projects/ activities undertaken by the Company and a report on the impact created by such projects/ activities as and when completed.

The Company shall also upload this Policy on its website www.tdps.co.in. Further, a detailed status report on the CSR activities carried out by the Company would be disclosed every year as part of the Directors' Report in the Annual Report.

**Bangalore
February 11, 2015**

TD Power Systems Limited