

Corporate Social Responsibility Policy

The Board of Directors of Thermax Ltd., after taking into account the recommendations of the CSR Committee, has approved this CSR Policy for the Company. As required under section 135(4) of the Companies Act, 2013, this policy will be disclosed in the Annual Report and uploaded on the Company's website.

Philosophy

Thermax, an engineering company operating in the critical areas of energy & environment, is committed to contribute to the welfare of the community in which it is situated. Inspired by its founder Chairman Rohinton Aga's credo that 'profit is not only a set of figures, but of values', and convinced that business cannot succeed in a society that fails, Thermax has consistently been contributing a part of its resources (both human and financial) to support social transformation.

Moreover, as early as 1970, in its Welcome letter to new recruits in the organisation, Mr. A.S.Bhathena, who established Wanson India, which eventually became Thermax Limited, urged the employees to be passionate in their "fight against poverty, disease, communalism, despondency and indolence." He reminded them, "Quality of life is what we are seeking."

Thermax created a formal structure as a Section 25 Company in 2007, to design and implement its CSR programme. The Company has been focusing predominantly in the area of education of economically underprivileged children. In a society characterised by widening inequalities of income and opportunity, Thermax believes that education is the single most powerful instrument of change. It provides a child choices in life, hopefully leading him / her out of the vicious cycle of poverty and, thereby, transforming the life trajectory of the family.

Thermax's emphasis on education is based on the conviction that 'where a child comes from should not determine who he can become'; every child, irrespective of the conditions of his or her birth, should be able to avail the advantages of quality education. For India as a country, we believe it is our duty to ensure that no child is left behind.

Thermax's vision of education as the great leveler of social inequity finds expression in its commitment to help improve the public education system. Realizing the magnitude of this challenge and to make its programme effective,

Thermax has been building partnerships with the Government, NGOs, individuals and other organisations representing civil society.

Apart from education, Thermax is also involved, in a small way, in addressing the issue of social discrimination, through affirmative action, skill development and employability Initiatives.

CSR activities to be carried out by the Company:

The following are some of the major ongoing CSR activities carried out by Thermax through its Foundation (TSIF):

- A Public Private Partnership (PPP) Model, supporting schools, in partnership with the NGO Akanksha Foundation and Pune / Pimpri Chinchwad Municipal Corporations.
- Conducting Teacher Training Programmes, to help municipal school teachers change their mind-set; also to ensure effective classroom management without corporal punishment, teach English, improve their pedagogical skills, as well as plan efficiently and build a joyful and safe classroom environment. This program has been rechristened as Leadership Institute for Teachers (LIFT).
- Partially supporting the Pune programme of Teach for India (TFI) since its inception in 2009. TFI places academically bright young graduates and professionals in municipal and low income private schools for two years as full time teachers.
- Supporting some of the Associations / Organisations for initiatives in the area of affirmative action, skill development and employability. TSIF is partnering with other Foundations & Public Authorities, to run a Skill Development Centre for underprivileged youth in Pune.

The Company is currently carrying out all the above activities in Pune but would like its employees operating at different locations to partner with NGO's of their choice and give of their time to social causes.

Modalities for execution of activities:

- Every year, the Company shall contribute 2% of the average Net Profits (as defined under the Companies Act 2013) made by it during the preceding 3 financial years. The CSR Committee will study and evaluate the projects identified and implement them through TSIF. The contribution shall be

made on a quarterly basis to TSIF / directly to the NGO (with a proven track record of 3 years or more), as the case maybe.

- The following methodology is adopted for carrying out the CSR activities:
 - **Support to NGOs:** Support deserving and credible NGOs within India doing quality work, either as one-time or for the long term (based on certain inputs / outcomes being achieved), as the case maybe. Evaluate and assess the need of projects and help in increasing their impact.
 - **Project evaluation & monitoring:** The Company through TSIF would study and evaluate the projects for funding from the perspective of time frames and through a 3rd party, where applicable, for social impact. Uphold accountability for the funds invested in the NGO's project through regular monitoring of the project's progress.
 - **Hands-on support and guidance:** Besides funding support, it may decide to provide mentoring and on-going strategic guidance to the projects funded.
 - **People Focus & belief in value based partnership:** Thermax ensures the credibility of the NGO and people involved before funding a project. It values transparent and honest communication with its partners and works collaboratively
 - **Employee involvement:** Thermax endeavours to engage its employees in implementing its CSR activities.

Composition of CSR Committee:

In accordance with Section 135 of the Companies Act, 2013 and the Rules pertaining thereto, a Committee of the Board known as "Corporate Social Responsibility (CSR) Committee" comprising the following members has been constituted.

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| Chairperson: | Mrs. Anu Aga | Director, Thermax Limited |
| Member: | Mrs. Meher Pudumjee | Director, Thermax Limited |
| Member: | Dr. R. A. Mashelkar | Independent Director, Thermax Limited |
| Member: | Mr. Nawshir Mirza | Independent Director, Thermax Limited |

The CSR Committee shall act in accordance with the following terms of reference:

1. Formulate and recommend a Corporate Social Responsibility Policy to the Board.
2. Recommend the amount of expenditure to be incurred on the different activities.
3. Institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the company, which would form a part of the CSR Policy.
4. Review the CSR Policy of the company every 2 - 3 years.

Monitoring process:

The CSR Committee shall be responsible for monitoring the implementation process, evaluating the impact, keeping the Board informed and also updating the policy from time to time.

The CSR Committee shall ensure that the surplus (if any) arising out of CSR activities shall not form part of the business profit of the Company.

Apart from the above mentioned process, all the projects recommended above would be evaluated from the perspective of time frames and social impact. The company would also ensure accountability for the funds invested in the NGO's project through regular monitoring of the project's progress.

The CSR Committee will meet twice a year to monitor the process, progress and impact of the various projects undertaken. The CSR committee in turn would keep the Board informed. The Company shall also obtain a report on implementation of CSR projects in the prescribed form, enclosed in Annexure 1.

Reporting:

Thermax Ltd.'s Annual Report would include the report on CSR as per the particulars specified under CSR rules.

The report shall include a responsibility statement of the CSR Committee confirming that the implementation and monitoring of the CSR Policy, is in compliance with the CSR objectives and policy of the company.

The Annual Report on CSR Activities shall be signed by the Managing Director & CEO of the Company and the Chairperson of the CSR Committee and will be placed on the website of the Company.

Pune
December 1, 2014

Chairperson
Thermax Limited