



HMT LIMITED

एचएमटी लिमिटेड

Corporate Social Responsibility (CSR) & Sustainability Policy

(Last amended by the Board of Directors of the Company on 01st September, 2023)

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CORPORATE SOCIAL RESPONSIBILITY (CSR) & SUSTAINABILITY POLICY

1. CSR VISION

To contribute the sustainable development and inclusive growth while taking care of People, Planet and organizational goals / growth.

2. CSR MISSION

- a) To become socially responsible corporate entity committed to improving the quality of life of the society at large.
- b) To create and develop facilities for the communities we engage with.
- c) To balance economic, environmental and welfare development objectives through collective and unified effort of all stakeholders.

3. INTRODUCTION

As per section 135 (1) of the Companies Act, 2013, every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year shall constitute a Corporate Social Responsibility Committee of the Board.

The Corporate Social Responsibility Committee shall formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company in areas or subject, specified in Schedule VII.

HMT Limited has formulated this Corporate Social Responsibility (CSR) & Sustainability Policy in accordance with the provision of Section 135 of the Companies Act, 2013 and the rules notified / clarifications issued by Ministry of Corporate Affairs, Government of India and Guidelines on Corporate Social Responsibility and Sustainability for Central Public Sector Enterprises issued by Department of Public Enterprises, Government of India which are effective from 1st April 2014.

4. SCOPE

- a) This policy broadly covers all relevant clause(s)/ sections of the Companies Act, 2013, the Companies Amendment Rules, 2014 and the DPE Guidelines.

- b) This Policy relates to the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act and the expenditure thereon, excluding activities undertaken in pursuance of normal course of business of the Company.

5. OBJECTIVE

The policy is framed with the objective(s) stated herein below:

- a) To provide framework for carrying out the CSR projects or programs or activities including the modalities of execution and transparent monitoring mechanism for its implementation undertaken by the Company which is within the scope of the Companies Act 2013 and the rules made therein; the DPE Guidelines, as amended from time to time;
- b) To create awareness on CSR practices across all the levels in the Company, operate its business in an economically, socially & environmentally sustainable manner, while recognizing the interests of all its stakeholders.
- c) Through its CSR Initiatives, generate community goodwill and help reinforce a positive & socially responsible image for HMT.

6. DEFINITION

- a) “**Act**” means the Companies Act, 2013;
- b) “**Corporate Social Responsibility (CSR)**” means and includes but is not limited to:-
 - i. Projects or programs relating to activities areas or subjects specified in Schedule VII to the Act; or
 - ii. Projects or programs relating to activities undertaken by the board of directors of a company (Board) in pursuance of recommendations of the CSR Committee of the Board as per declared CSR Policy of the company subject to the condition that such policy will include activities, areas or subjects specified in Schedule VII of the Act.
- c) “**CSR Committee**” means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act.
- d) “**CSR Policy**” relates to the activities to be undertaken by the Company in areas or subjects specified in Schedule VII to the Act and the expenditure thereon, excluding activities undertaken in pursuance of normal course of business of a company;
- e) “**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 the following, namely:
 - i. Any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and

ii. Any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act:

- f) “**Company**” means HMT Limited
- g) “**Board**” means Board of Directors
- h) “**Local Areas**” means Districts in which HMT Limited’s unit operates and the districts surrounding the peripheral areas/ impact zones of HMTL’s units.

7. COMPOSITION OF CSR COMMITTEE

- a) The CSR Committee of the Board shall consist of minimum three Directors out of which at least one shall be an Independent Director as per the requirement of the Companies Act, 2013.
- b) The requisite quorum shall be 1/3rd of total strength of the Committee or any two Directors present at the Meeting, whichever is higher.

Further to assist and take up CSR activities forward, the following sub-committees are formed:

- c) **Corporate CSR Committee:** shall consist of team under the chairmanship of an executive preferably in the higher level and such other members as may be nominated by the Management.
- d) **Unit CSR Committee:** shall consist of team of executives under the chairmanship of Unit Head & such other members as may be nominated by the Management.

8. ROLES AND RESPONSIBILITIES OF THE COMMITTEE

As per Section 135 (3) of the Companies Act, 2013, the Corporate Social Responsibility 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 in areas or subject, specified in Schedule VII;
- b) Recommend the amount of expenditure to be incurred on the activities referred to in clause (a);
- c) Monitor the Corporate Social Responsibility Policy of the company from time to time.
- d) Signing of a Responsibility Statement by the Chairman, CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.
- e) Perform such other functions as may be required under provisions of the Act, Rules, and the Guidelines or as may be directed by the Board, from time to time.

9. FOCUS AREAS

The Committee undertakes one or more of the following activities, which is specified in Schedule VII of the Companies Act, 2013 as its projects or programs for CSR activities viz.,

- 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, 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, agroforestry, conservation of natural resources and maintaining quality of soil, air and water ⁴[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 art and handicrafts;
- f) Measures for the benefit of armed forces veterans, war widows and their dependents;
- 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 any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;
- i) Contribution to incubators funded by Central Government or State Government or any agency or Public Sector Undertaking of Central Government or State Government, and contributions to public funded Universities, Indian Institute of Technology (IITs), National Laboratories and Autonomous Bodies (established under the auspices of Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR), Council of Scientific and Industrial Research (CSIR), Department of Atomic Energy (DAE), Defence Research and Development Organisation (DRDO), Department of Science and Technology (DST), Ministry of Electronics and Information Technology) 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) Any other projects / programs / activities within the preview of the Act/ DPE Guidelines
- n) While selecting CSR activities / projects from the activities listed in Schedule VII of the Act, the Company should give priority to the issues which are of foremost concern in the national development agenda, like safe drinking water for all, provision of toilets especially for girls, health and sanitation, education, etc. The main focus of CSR and Sustainability policy of Company should be on sustainable development and inclusive growth, and to address the basic needs of the deprived, under privileged, neglected and weaker sections of the society which comprise of SC, ST, OBCs, minorities, BPL families, old and aged, women / girl child, physically challenged, etc
- o) The Company shall exploit its core competence and mobilize its resource capabilities in the implementation of CSR activities / projects and align its CSR and Sustainability policy with its business policies and strategies to the extent possible, and select such CSR activities / projects which can be better monitored through in-house expertise.

10. BUDGET & EXPENDITURE

- a) The CSR and Sustainability budget expenditure shall be fixed in accordance with the provisions of the Act, Rules and the Guidelines.
- b) The expenditure to be incurred on CSR and Sustainability activities planned for a year will be approved by the Board on recommendation of the CSR Committee once in a year. However, if in any financial year, the actual expenditure is less than the budget for that year but not less than the minimum expenditure limit (i.e., 2% the average net profits of the company as prescribed in the Act) the budget may be restricted to actual expenditure. Otherwise un-spent amount shall be carried forward to the next year, if required under the provisions of the Act, Rules, and the Guidelines.
- c) CSR expenditure shall include all expenditure including contribution to corpus, or on projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee, but does not include any expenditure on an item not in conformity or not in line with activities which fall within the areas or subjects, specified in Schedule VII of the Act.
- d) The company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities.

11. PLANNING

- a) Baseline/ need assessment survey should be carried out prior to the selection of any CSR activity.
- b) With a view to have a baseline data and to ascertain basic needs/ requirements of the people and the area, CSR Committee will ensure conducting of a survey through its Corporate CSR Committee and Unit CSR Committee on the basis of which requisite schemes/projects will be identified for implementation.
- c) The Company will endeavor at all times to build and develop the skills of its CSR team and enhance level of CSR awareness within the organization.
- d) After the identification of Schemes/Projects, the Corporate CSR Committee will prepare the draft Annual Plan keeping in view the availability of funds and put up the same to the CSR Committee for recommendation to the Board for approval.

12. EXECUTION / IMPLEMENTATION METHODOLOGY

Execution of CSR projects can be taken up generally by in-house teams or through suitable partnerships with State Governments, PSUs, NGOs, Private Companies. As far as possible, HMT's manpower should be committed only for monitoring and supervision.

While engaging / partnering with external agencies, care shall be exercised in selecting only such specialized agencies which have the necessary capabilities and expertise in the field. Specialized agencies may include Government departments, semi-Government or Non-Government Organizations (NGOs), autonomous organizations, professional consultancy organizations, registered Trusts/Missions, Community based organizations, self help groups, not for profit organizations, Panchayati Raj Institutions, academic institutions etc.

At the end of each year, an Impact Assessment study through an internal/external agency may be organised for major projects.

13. MONITORING MACHANISM

- a) Unit CSR Committee in the respective Units shall undertake close supervision and monitoring for all CSR projects / programs / activities & quarterly Information Report in the prescribed format will be furnished by Units to Corporate CSR Committee within 15 days of end of every quarter. In addition, Units will submit status reports on need basis, as and when required. Prescribed format for reporting will be provided by the Corporate CSR Committee.
- b) On completion of the project/programs/activities, respective Unit CSR Committee shall submit a detailed Project Completion report (covering all aspects of project implementation

from its inception up to its completion) to Corporate CSR Committee through their Unit Chief within one month of completion of project for reporting to CSR Committee.

- c) The Board will also be apprised of the implementation progress in its meetings by the CSR Committee.

14. REPORTING/DOCUMENTATION/TRANSPARENCY

- a) Unit CSR Committee shall certify completion of the project and proper handing over to the user within the scheduled dates.
- b) Contents of the CSR Policy would be disclosed in Board's report and same shall be displayed in the company's website, in the prescribed format as per provisions of the Act/Rules/Guidelines.
- c) The Company shall include details relating CSR and Sustainability activities in its Annual Report in the prescribed format as per the Act/Rules/Guidelines.
- d) Meticulous documentation relating to CSR approaches, policies, programs, major milestones, etc. should be prepared. Annual Sustainability report should also be prepared, as may be required.
- e) The policy on CSR & Sustainability and the activities carried out under it, also be uploaded on the website of the Company.
- f) The impact made by the CSR and Sustainability activities will be quantified to the best possible extent.

15. DISCLOSURE AND OTHERS COMPLIANCE INFORMATION

- a) The CSR activities shall be undertaken by the Company, as stated in this Policy, excluding activities undertaken in pursuance of its normal course of business.
- b) The CSR projects or programs or activities undertaken in India only shall amount to CSR Expenditure.
- c) The CSR projects or programs or activities that benefit only the employees of the company and their families shall not be considered as CSR activities in accordance with section 135 of the Act.
- d) Contribution of any amount directly or indirectly to any political party under section 182 of the Act, shall not be considered as CSR activity
- e) The CSR Policy of the company shall specify that the surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of a company.

- f) Every company which ceases to be a company covered under subsection (1) of section 135 of the Act for three consecutive financial years shall not be required to -
 - i. Constitute a CSR Committee; and
 - ii. Comply with the provisions contained in sub-section (2) to (5) of the said section,
 - iii. Till such time it meets the criteria specified in sub-section (1) of section 135.
- g) As clarified by the Ministry of Corporate Affairs vide General Circular no. 21/2014 dt. June 18, 2014, CSR activities mentioned in Schedule-VII are to be interpreted liberally. Further, one-off events such as marathons/ awards/ charitable contribution/ advertisement/ sponsorships of TV programmes, etc. would not qualify as CSR activities.
- h) The Board of Directors of the company, after taking into account the recommendations of CSR Committee of the Board, approves the CSR Policy for the company and discloses contents of such policy in its Board report and the same will be displayed on the company's website, as per the particulars specified in the **Annexure – A**.

16. MISCELLANEOUS

- a) Notwithstanding anything contained in this Policy, no action pertaining to CSR activities shall be taken in contravention / deviation to the provisions of Section 135 of the Companies Act, 2013 and of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and applicable Government Guidelines, as amended from time to time.
- b) The Board of Directors, on its own and/or on the recommendation of CSR committee, can amend any of the provisions of this policy and as and when required deemed fit. Any or all provisions of CSR Policy would be subjected to revision/amendment in accordance with the regulations on the subject as may be issued from relevant statutory authorities, from time to time.

Annexure - A

Format for the Annual Report on CSR Activities to be Included in the Board's Report for Financial Year Commencing on or After 1st Day of April, 2020

1. Brief outline on CSR Policy of the Company.
2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.				
2.				
3.				

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable.

5. (a) Average net profit of the company as per sub-section (5) of section 135.

(b) Two percent of average net profit of the company as per sub-section (5) of section 135.

(c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years.

(d) Amount required to be set-off for the financial year, if any.

(e) Total CSR obligation for the financial year [(b)+(c)-(d)].

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project).

(b) Amount spent in Administrative Overheads.

(c) Amount spent on Impact Assessment, if applicable.

(d) Total amount spent for the Financial Year [(a)+(b)+(c)].

(e) CSR amount spent or unspent for the Financial Year:

Total amount spent for the financial year (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per subsection (6) of section 135.		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer

(f) Excess amount for set-off, if any:

Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	
(ii)	Total amount spent for the Financial Year	

(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

1 Sl. No.	2 Preceding Financial Year(s)	3 Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in Rs.)	4 Balance Amount in Unspent CSR Account under subsection (6) of section 135 (in Rs.)	5 Amount Spent in the Financial Year (in Rs)	6 Amount transferred to a Fund as specified under Schedule VII as per second proviso to subsection (5) of section 135, if any		7 Amount remaining to be spent in succeeding Financial Years (in Rs)	8 Deficiency, if any
					Amount	Date of Transfer		
1	FY-1							
2	FY-2							
3	FY-3							

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Yes No

If Yes, enter the number of Capital assets created/ acquired

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pin code of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered address

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per subsection (5) of section 135.

Sd/- (Chief Executive Officer or Managing Director or Director).	Sd/- (Chairman CSR Committee).	Sd/- [Person specified under clause (d) of sub-section (1) of section 380 of the Act] (Wherever applicable).
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