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Hindustan Hardy Limited

(Formerly known as Hindustan Hardy Spicer Limited)

CSR POLICY

Corporate Social Responsibility (CSR) of Hindustan Hardy Limited (HHL)

Concept and Vision

CSR is strongly connected with the principles of Sustainability; an organization should make decisions based not only on financial factors, but also on the social and environmental consequences. Hindustan Hardy Limited (HHL) is committed to provide better and improved quality of life to the people, communities through long term stakeholder value creation. HHL has developed its corporate values keeping this commitment in mind.

HHL intends to make a positive difference to society and contribute its share towards the social cause of betterment of society and area in which Company operates. HHL is aware that its business activities have a wider impact on the societies in which it operates and therefore the Company endeavors to make CSR a key business process for sustainable development.

Purpose

The Corporate Social Responsibility Policy ("CSR Policy") of HHL has been formulated and adopted by the Board of Directors at its meeting held on 18-10-2023.

The activities enlisted in this CSR Policy are aligned with the core values of the Company and are carried out by the company either individually or in association with eligible Implementing Agencies registered with the Ministry of Corporate Affairs.

The CSR Policy is formulated in accordance with the provisions of section 135 of the Companies Act, 2013 and rules made thereunder and other applicable laws to the company.

2. Effective Date

This policy shall be effective from the beginning of financial year 2023-2024.

3. Definitions

"Board" means Board of Directors of the Company.

"Corporate Social Responsibility" or "CSR" means and includes but is not limited to projects or programs relating to activities specified under Schedule VII to the Companies Act, 2013 and Rules made thereunder but also the projects or programs relating to activities undertaken by the Board of Directors of the Company in pursuance of the recommendation of the CSR Committee and approved by the Board as per this policy.

"CSR Committee" means Corporate Social Responsibility Committee, if any constituted by the Board pursuant to section 135 of the Companies Act, 2013.

"Company" means Hindustan Hardy Limited (HHL).

“Implementing Agency” means any entity registered with Ministry of Corporate Affairs for undertaking CSR projects, which is engaged by the company to implement various projects in pursuance of CSR Policy.

“Net Profit” means the net profit of the Company as per its financial statement prepared in accordance with the applicable provisions of the Companies Act, 2013, but shall not include the followings, namely:-

- 1) Any profit arising from any overseas branch or branches of the Company, whether operated as a separate company or otherwise, and
- 2) Any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Companies Act, 2013.

Provided that net profit in respect of financial year for which the relevant financial statements were prepared in accordance with the provisions of the Companies act 1956 shall not be required to be re-calculated in accordance with the provisions of the Companies Act 2013.

Words and expressions used in this policy and not defined herein but defined under the Companies Act, 2013 and CSR Rules shall have the same meanings respectively assigned to them.

4. Constitution, Composition and Scope of CSR Committee.

Pursuant to Section 135(9) of the Companies Act, 2013, where the amount to be spent by a company on Corporate Social Responsibility (CSR) activities during a financial year does not exceed fifty lakh rupees, all the functions and procedural requirements would be carried out by and under the supervision of the Board of Directors of the Company.

The Board of Directors shall as and when required pursuant to the provisions of the Act, constitute a CSR Committee comprising of three or more directors of which, at least one shall be an independent director. The members of the CSR Committee shall elect one of them as the Chairman of the Committee.

5. Role of CSR Committee / Board of Directors, where section 135(9) is applicable

The Board of Directors/ CSR Committee of the Company is responsible for:

- Formulating, recommending and approving the CSR policy which shall indicate activities to be undertaken in line with Section 135 read with Schedule VII of the Act.
- Formulating, recommending and approving an annual action plan in pursuance of its CSR policy, which shall include the following, namely:
 - the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
 - the manner of execution of such projects or programmes as specified in sub-rule (1) of Rule 4;
 - the modalities of utilization of funds and implementation schedules for the projects or programmes;
 - monitoring and reporting mechanism for the projects or programmes; and
 - e) details of need and impact assessment, if any, for the projects undertaken by the company
- Recommending the CSR projects/activities to be undertaken by the Company.

- Recommending the CSR expenditure to be incurred.
- Recommending modifications to the CSR policy as and when required.
- Meet atleast once a year to review the progress made.

CSR Budget and utilization

Company shall undertake CSR activities for development of the society and the environment, particularly in the vicinity of the areas where the facilities of the company are located.

Responsibility of the Board of Directors, when CSR Committee is constituted-

The Board is responsible for:

- approving the CSR policy as formulated by the CSR Committee, subject to necessary changes/modifications as the Board may deem fit.
- ensuring that in each financial year the Company spends at least 2% of the average net profit before taxation excluding profits arising from overseas branches made during the three immediate preceding financial years in accordance with the provisions of section 135 of the Act and the Rules notified thereunder.
- ensuring that every financial year funds committed by the Company for CSR activities are utilized effectively.
- Monitoring the implementation of ongoing projects and shall have a power to make modifications in such projects to ensure smooth implementation of the project within permissible time period.
- Reviewing and approving the Annual Action Plan in pursuance of the CSR Policy of the Company as recommended by the CSR Committee.
- disclosing in its Annual Report the names of CSR Committee members, the content of the CSR policy and ensure annual reporting of its CSR activities on the Company website. Any other acts, deeds and things as may be required under law from time to time.

Project identification and selection criteria

- Projects to be undertaken shall be in line with Section 135 read with Schedule VII of the Act and the Rules made thereunder.
- At the time of selection of any project, the scope, vicinity of Company operations/projects, environmental impact, cost, timelines, sustainability, visibility of the Company and other relevant factors needs to be evaluated.
- a detailed proposal for consideration regarding the projects be presented for approval.

The Company shall undertake any one or more of the following activities, as part of its corporate social responsibility initiative, which are defined in Schedule VII of the Companies Act 2013;

A. The company shall undertake such activities which are broadly related to any of the following:

- (i) Eradicating hunger, poverty and malnutrition, promoting health care including preventinve health care and sanitation 4[including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation] and making available safe drinking water.

- (ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- (iii) 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.
- (iv) 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 including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.
- (v) 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;
- (vi) 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;
- (vii) training to promote rural sports, nationally recognised sports, paralympic sports and olympic sports
- (viii) contribution to the prime minister's national relief fund 8[or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES 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;
- (ix) (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).
- (x) rural development projects
- (xi) 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.

- (xii) disaster management, including relief, rehabilitation and reconstruction activities.

B. The company may also contribute to the following funds as part of CSR activities:

- (i) Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.

- (ii) Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;
- (iii) 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 for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;
- (iv) 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; (v) 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).

The above areas as enshrined in Schedule VII to the Act and included in this policy aims to provide macro areas in which CSR projects should be undertaken by the company. The CSR Committee / Board should consider details of CSR projects as elaborated in the annual action plan for each financial year.

Any CSR activity proposed to be undertaken as a CSR initiative, but not specifically covered in the aforesaid, may be undertaken only with the prior approval of the Board.

Annual Action Plan

The CSR Committee shall formulate and recommend to the Board, an annual action plan which shall include the following:

- (a) the list of CSR projects or programmes that are approved and to be undertaken by the company
- (b) the manner of execution of such projects or programmes
- (c) the modalities of utilisation of funds and implementation schedules for the projects or programmes;
- (d) monitoring and reporting mechanism for the projects or programmes; and
- (e) details of need and impact assessment, if any, for the projects undertaken by the company.

The Board of Directors are empowered to alter the annual action plan during the financial year, if so recommended by the CSR Committee, based on the reasonable justification for such change.

CSR Spending

The company shall endeavor to achieve the objectives of CSR Policy and allocate every year:

- a. Minimum 2% of its average net profits made during the three immediately preceding financial years

b. Any income or surplus arising out of the CSR activities, projects or programs shall not form part of the business profit of the company and the same shall be ploughed back for use in CSR activities.

All the expenditure relating to CSR shall be pre-approved by the CSR Committee. The CFO shall monitor the utilization of funds for the purposes set forth and certify to this effect.

Unspent CSR amount, if any, shall be transferred to separate account in accordance with the applicable CSR Rules from time to time.

Mode of implementation

CSR programs, projects or activities of the company should be implemented through following methods:

- i. Directly by the company;
- ii. Implementing Agencies;
- iii. Any foundation or body incorporated by the company and eligible to undertake such CSR projects.

While the company can engage suitable Implementing Agencies to undertake approved CSR projects. The company can also partner with local governance bodies, such as Gram Panchayats, Civic Bodies, Municipality to directly undertake approved CSR projects with the help and support of these bodies.

Monitoring and Reporting Framework

In compliance with the Act and to ensure funds spent on CSR projects and activities are creating the desired impact on the ground, the project would be monitored and the progress would be reported to the Board in compliance with the provisions of the Act. The monitoring and reporting mechanism for each project will be divided into following three areas:

Project Monitoring

The Board shall ensure:

- The CSR policy is implemented as per the Act and the Rules.
- The CSR policy is implemented ensuring that all projects as budgeted are duly carried out.
- CSR spends will be closely monitored.
- Periodic field visits as and when required, interaction with beneficiary communities if required are carried out.
- CSR spends will be audited in an accountable and transparent manner.

Need and Impact Assessment

CSR activities undertaken should be in the interest of the society and the local population where the company operates. Before undertaking any project or activities the company shall conduct need assessment for the project and its utility in the demography where project is proposed.

After one year of completion of CSR project, the company may consider to conduct an impact assessment of the project so completed, if applicable and place a report for consideration of the Board.

A summary of impact assessment outcome shall be disclosed in the Board's Report.

Reporting

An annual CSR report shall be prepared and the same shall be place approval of the Board. This report will ensure:

- CSR projects are being properly documented.
- An MIS is maintained on expenditure
- Responsibility is fixed at each level of CSR process and implementation

Capital Assets

Capital asset if acquired or created by CSR projects should be held by the beneficiaries of the said CSR project or a trust or a public authority for the benefits of all. The company should take appropriate measure to ensure that such assets are utilized for the purpose it was meant for and should not be transferred or disposed off without prior permission of the company.

Information dissemination

CSR Policy and activities undertaken shall be disseminated on website for public access and shall be published in the Annual Report of the company in the format prescribed under the Act and CSR Rules.

Review

The Board shall be responsible for the monitoring and review of the implementation of this policy in accordance with applicable laws from time to time.