
HTL LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY

(Further to the last Board's Approval dated 7th February, 2017)

(Revised on 28th April, 2023, effective from 01st April, 2023)

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Corporate Social Responsibility Policy

1. INTRODUCTION

Our CSR policy has been framed in conformity with the stipulations specified by the Ministry of Corporate Affairs (“MCA”), Government of India, The Companies Act, 2013 (“the Act”), The Companies (Corporate Social Responsibility Policy) Rules, 2014 (“CSR Rules”) and subsequent amendments made thereunder, from time to time. Words and expressions used and not defined in this Policy shall have the same meanings respectively assigned to them in the Act and/or Rules, unless the context otherwise requires.

2. VISION

HTL Limited (“the Company”) The Company is committed to improve quality of life (social & economic) of the community and society in which it operates. The Company intends to promote socio-economic development either directly or through registered Non-Governmental Organisations.

3. MEMBERS OF CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

Members Of Corporate Social Responsibility (CSR) Committee of the Company are as follows:

- (i) Shri Rajeev Sabherwal, Chairman
- (ii) Shri K. C. Jani
- (iii) Dr. Tamali Sengupta
- (iv) Shri Pankaj Garg

4. FOCUS AREAS OF ENGAGEMENTS

The various areas of CSR activities will primarily include the following:

- i. Promoting health care including preventive health care.
- ii. Sanitation and making available safe drinking water.
- iii. Eradicating hunger, poverty and malnutrition.
- iv. To arrange establish, run, manage, control, look after and supervise the widows homes, old age homes, orphanages, child welfare centres and to provide medical relief and/or aid to the suffering human body.
- v. To establish sponsor, administer and provide funds, stipends, scholarships and study grants to enable poor deserving and /or meritorious students and teachers to pursue their studies, research and training in any fields in India.
- vi. Promoting education, including special education and employment enhancing vocation skills especially among children, youth, women, elderly and the differently abled and livelihood enhancement projects.
- vii. Rural development projects.

While the Company will primarily engage in the CSR activities, specified in the aforesaid projects/ programs, the Company can support or undertake any activities as per Schedule VII to the Act (as amended) attached in Annexure A. The above is only an illustrative list and the CSR activities will not be restricted to these activities only and Corporate Social Responsibility Committee constituted by the Board of Directors of the Company (“CSR Committee”) will take up new areas of CSR activities as per the Schedule VII to the Act read with CSR Rules, as amended from time to time.

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5. IMPLEMENTATION

The Company's CSR projects/programmes will be implemented through:

- a. Company personnel, **or**
- b. Implementing Agency(s), **or**
- c. Trusts **or**
- d. Societies, Foundations and companies registered under Section 8 of the Act.

The CSR Committee shall monitor the implementation mechanism.

While engaging with other entities for carrying out CSR activities of the Company, following indicative aspects/guiding principles shall be considered:

6. ANNUAL ACTION PLAN

The goals and objectives along with the annual budgets of CSR to be discussed and signed off at the beginning of every financial year with the CSR Committee and the Board of Directors.

The CSR Committee shall formulate and recommend to the Board of Directors, an annual action plan in pursuance of its CSR policy which includes:

- a. list of CSR projects to be undertaken;
- b. recommend the amount of expenditure to be incurred on the projects;
- c. the manner of execution of such projects;
- d. utilization of funds;
- e. monitoring and reporting mechanism for the projects or programs; and
- f. details of need and impact assessment, if any, for the projects undertaken by the Company

The Board of Directors may alter the plan, any time during the financial year, as per the recommendation of its CSR Committee based on the reasonable justification for such alteration.

The CSR Committee allocates the budgets to programs and projects in domains that are aligned with the CSR policy. A significant proportion of our programs comprise ongoing, long-term projects and these are deemed to be approved till the end of the period specified in their contracts/agreements.

Along with approval of the annual action plan, the CSR Committee to review the progress of all key programs vis-à-vis its broad objectives for the previous year including effective utilization of the funds.

7. BUDGET & EXPENDITURE

- (i) A specific budget shall be allocated for each of the above-mentioned proposed CSR activities to be undertaken by the Company.
- (ii) The Budget provision towards CSR initiatives shall be at least 2% (two percent) of the average net profit of the Company made during the 3 (three) immediately preceding financial years calculated in terms of Section 198 of the Act.
- (iii) If the budget allocated in a year remains un-utilized, the Board of Directors shall in its report explain the reasons for the unspent amount and the same shall be transferred to separate account as per the applicable laws.
- (iv) Based on the emerging needs, every year, a specific budget is allocated for CSR activities.

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- (v) List of activities to be undertaken by the Company along with financial allocation against each activity will be approved by the CSR Committee.

Administrative overheads

An expenditure not exceeding 5% of annual CSR Expenditure may be incurred on “Administrative overheads” i.e., the expenses incurred for “General Management & Administration” of CSR activities in the Company excluding the direct expenditure on the designing, implementation, monitoring & evaluation of a particular CSR project of the Company for the financial year.

8. SURPLUS ARISING OUT OF CSR ACTIVITIES

The surplus arising out of the CSR projects or programmes or activities shall not from part of the business profit of the Company.

9. MONITORING MECHANISM

The Monitoring Mechanism of each project will differ on the basis of the nature of the project. All the projects will be monitored & evaluated as per the objectives & deliverables set for respective projects as per Board & Committee recommendation.

- a. The CSR projects will be monitored at different intervals through field visits, monthly calls & reporting, cross reference communication with stakeholders etc.
- b. For the purpose of proper monitoring of the CSR projects, each project shall include well- defined timeline & parameters.
- c. Wherever applicable Utilization Certificate with a statement of expenditure duly certified by a Practicing Chartered Accountant/Authorized Auditor will be submitted by the partner organizations.
- d. Reporting & Documentation:

- (i) Project documentation:

Reports like quarterly report, half-yearly report, annual report/closure report, case studies, etc. will be collected by the CSR team as per the agreed timeline for each project.

- (ii) Financial Tracking:

In order to track the proper utilization of funds, wherever applicable, at different intervals of the project, CSR teams will collect & cross-check financial documents like invoices, salary slips & receipts, bank statements, Fund Utilization Certificate, etc.

10. DISCLOSURES

- The CFO shall certify to the fact that CSR funds so disbursed have been utilised for the purposes and in the manner approved by the Board.
- The Annual Report of the Company include a section on CSR, outlining the CSR Policy, CSR Committee, CSR initiatives undertaken by Company, the CSR spent during the financial year and other information as required by the prevailing law.

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11. GEOGRAPHIES

Board of Directors shall ensure that the Company spends in every financial year, the requisite funds in pursuance of CSR policy provided that the preference shall be given to the local areas around which it operates for spending the amount earmarked for CSR activities.

12. IMPACT ASSESSMENT

The Company shall undertake impact assessment of the CSR activities undertaken by the Company through an independent agency:

- (i) If the average CSR obligation of the Company, in the 3 immediately preceding financial years is Rs.10 crores or more and ;
- (ii) The activity or the CSR project has an outlay of Rs.1 crore or more and which have been completed not less than one year before undertaking the impact study.

Considering the Company's performance and its net profit crosses the threshold, Committee shall appoint independent agency to complete impact assessment.

Expenditure of Impact Assessment

An expenditure less than Rs.50 lakhs or 5% of the total CSR expenditure, whichever is less, can be booked for Need and Impact Assessments of the CSR projects, having outlays of Rs.1 crore or more, which may be undertaken after one year of project completion, through an independent agency.

13. ACTIVITIES NOT TO BE CONSIDERED AS CSR ACTIVITIES

In line with Rule 2(1) of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, effective from 22/01/2021, following activities would not qualify as CSR activities:

- a. Activities undertaken in pursuance of normal course of business of Company;
- b. Any activity by Company outside India, except for overseas sports trainings of Indians representing State/ UT at national/ international level;
- c. Contribution directly/ indirectly to any political party under Section 182 of the Act;
- d. Activities benefitting employees as defined in Code on Wages, 2019 (29 of 2019) Sec.2 Clause (k);
- e. Activities supported on sponsorship basis for deriving marketing benefits for its products/ services;
- f. Activities carried out for fulfilment of any other statutory obligations under any law in force in India;
- g. One-off events such as marathons/ awards/ charitable contributions/ advertisements/ sponsorship of TV programs/ events involving celebrities, specifically for entertainment purposes, etc. (Ref: MCA Circular no.21/2014 dated 18.06.2014).

14. AMENDMENTS

The Board, either on its own or as per the recommendations of the CSR Committee, may amend this Policy, from time to time. The decision of the Board on all matters, relating to this Policy, shall be final and binding upon all concerned.

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In case there are any regulatory changes requiring modification to this policy, the same shall be reviewed and amended with the approval of the Board of Directors. However, the amendment in the regulatory requirements shall be binding on the Company and shall prevail even if the same is not incorporated in this Policy.

15. INFORMATION DISSEMINATION

The composition of the CSR Committee, and CSR Policy and Projects approved by the Board will be disclosed on the website of the Company for public access.

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Annexure – A

List of activities as per Schedule VII of the Act

- i. 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;
- 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 [CAPFI and Central Para Military Forces [CPMFI veterans, and their dependents including widow;
- vii. Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympics sports;
- viii. Contribution to the 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;
- 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 Defence Research and Development Organization [DRDO]; Indian Council of Agricultural Research [ICAR]; Indian Council of Medical Research [ICMRI 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];

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- x. Rural development projects;
- xi. Slum area development; and

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.
