

THE HUTTI GOLD MINES CO.LTD

Corporate Social Responsibility Policy

INDEX

Item No.	SUBJECT	Page No.
I.	Introduction	
II.	Preamble	
III.	Objectives	
IV.	CSR Committee	
V.	Activities/ Areas of focus on CSR	
VI.	Allocation of funds under CSR	
VII.	Broad Guidelines for consideration of CSR projects/ programmes and activities	
VIII.	Project Monitoring Unit	
IX.	Board	
X.	Implementation Strategy	
XI.	Audit	
XII.	Conclusion	
XIII.	Application format	

THE HUTTI GOLD MINES CO.LTD

Corporate Social Responsibility Policy

I. Introduction

The Hutti Gold Mines Company Limited (HGML) was incorporated in 08th July, 1947 and is a Govt. of Karnataka undertaking. HGML produces bullion in the form of Dore Bars. The rated capacity of production of Ore Processing is 6.69 lakh MTs with Gold Production of 2.36 tonnes/annum. The Company has also set up 11.40 MW of Wind Mills at Ingaldhal, Chitradurga Dist. The manpower strength as on 31.03.2018 was 4128 and is located in Hutti, Raichur Dist. Hyderabad Karnataka Region. HGML is the only primary producer of gold in India and a member of World Gold Council.

II. Preamble

With the passage of the new Companies Act, 2013, the mandatory provisions of the Corporate Social Responsibility (CSR) Policy have been formally introduced for its adherence by Indian Companies. The industry has responded positively to this reform measures undertaken by the Government. In the case of HGML, the practice of CSR is not new as it is being followed since many years particularly keeping in view the fact that the Hutti Gold mines area is in one of the most backward areas, namely, the Hyderabad-Karnataka region.

III. Objectives

The main objectives of the CSR policy is to lay down guidelines for CSR activities of HGML, in compliance with the requirements of Companies Act, 2013 and rules made there-under with specific emphasis to identify and help the under privileged and the under developed areas in and around the operational areas of HGML in particular, and other areas in the State of Karnataka, in general.

THE HUTTI GOLD MINES CO.LTD

IV. CSR Committee

The CSR committee shall consist of 3 Directors of the Board as under:

- | | | |
|--|---|----------|
| a) Secretary to Govt. C & I Department | - | Chairman |
| b) The Managing Director, KSMCL | - | Member |
| c) The Managing Director, HGML | - | Convenor |

The CSR Committee will;

- a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII forming part of Section 135 of the Companies Act, 2013.
- b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- c) monitor the Corporate Social Responsibility Policy of the company from time to time.

V. Activities/ Areas of focus on CSR

As per the provisions of 135 of Companies Act, 2013, the activities to be covered under CSR are notified by way of schedule VII forming part of the Companies Act. The details of the same is as under:

Activities relating to :-

- 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;

THE HUTTI GOLD MINES CO.LTD

- 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 arts and handicrafts;
- vi. measures for the benefit of armed forces veterans, war widows and their dependents;
- vii. training to promote rural sports, nationally recognized sports, Paralympic sports, Olympic sports and adventure sports.
- viii. contribution to the Prime Minister's National Relief Fund and or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- ix. contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- x. rural development projects.
- xi. slum area development, as notified by the appropriate authority.

THE HUTTI GOLD MINES CO.LTD

The activities as above will undergo amendments/changes if any to be notified by Government from time to time.

VI. Allocation of funds under CSR

As per the CSR Policy, the amount to be spent zonal wise under CSR is as under. The amount to be allocated for CSR as per the provisions of section 135 of Companies Act, 2013 is Rs.72.00 lakhs and the company has proposed to spend Rs.100.00 lakhs. The amount will be indicated in the policy year on year basis as per the provisions of section 135 of the Companies Act, 2013.

	(Rs.in lakhs)	
	Zone I (75%) Raichur Dist.	Zone II (25%) Rest of State
Govt.	56.25	18.75
Pvt. Sector	18.75	6.25
Total	75.00	25.00

VII. Broad Guidelines for consideration of CSR projects/programmes and activities.

- 1) All eligible organisations/Institutions/Trusts/AOPs/Companies including companies formed with charitable objectives /Boards & Corporations/ Govt. institutions/State & Dist. Authorities such as Deputy Commissioners and Zilla Panchayaths, State Regional and other/Dist. level departments, can apply for contribution under CSR provided such applicants are from Zone-I & II above.
- 2) Individual proposals have to be within the framework of the CSR projects/programmes/activities.
- 3) Every CSR proposal has to be projectised, inter-alia covering its activities, time frame, financial requirement, organisational responsibilities / commitments on timely completion of the project.

THE HUTTI GOLD MINES CO.LTD

- 4) The proposals received may be subject to preliminary inspection by Project Monitoring Unit so as to consider its overall eligibility under the scope of CSR Policy of the Company.
- 5) The release of funds will be phased out in instalments for the project programme/activities with initial disbursement of 1/3 of the amount approved by the Board and further release of funds phase wise will be determined and advised to project authorities so as to ensure proper utilisation and submission of periodical progress reports of both physical and financial programmes/projects/activities. The projects sanctioned under CSR upto Rs.5.00 lakhs may be considered for disbursement in one instalment. The time limit for completion of the project sanctioned under CSR shall be 12 months from the date of sanction, unless otherwise extended by the Company, failing which the unutilized amount has to be refunded to the Company.
- 6) The un-utilised amount if any out of the CSR amount relevant for any year will not be carried forward for subsequent year/s for consideration of CSR proposal/s.
- 7) The promoters' contribution in each of the projects considered for funding under CSR shall be mandatory, to the extent of 10% in the case of areas earmarked in Zone-I, and 20% in the case of Zone-II. These conditions will not apply for contributions under CSR in the Govt. sector.
- 8) The maximum limit under CSR shall be Rs.1.00 cr. per project in case of projects sponsored under CSR by the Govt. or Govt. Institutions and Rs.50.00 lakhs per project in case of projects sponsored by NGO's/Trusts/Others in the private sector. In the case of expansion of an existing project sanctioned under CSR by HGML, the expansion proposal can be considered as a separate project for the purpose of its consideration under the ceiling limit of CSR. The requirements of the ceiling limit/s will be project perse even if they are taken up by the same trust/s.

THE HUTTI GOLD MINES CO.LTD

- 9) The projects sanctioned under CSR may be documented in the name of HGML wherever applicable, and necessary plaques in this regard be put up by the project/s concerned.
- 10) The amount released under CSR will be subject to inspection by Project Monitoring Unit at regular intervals till the completion of the project.
- 11) The organization will have to furnish utilization and completion certificate on the projects sanctioned under CSR and an undertaking in this regard has to be furnished by the concerned institution, before availing disbursement.
- 12) The concerned institution has to refund the un-utilised amount sanctioned and released by HGML under CSR.
- 13) The institution concerned has to utilise the funds meant for the project in a transparent manner. In case of contribution to Govt. companies/ institutions the provisions of KTPP Act have to be followed in utilisation of funds released by HGML under CSR.
- 14) In case of project/s partly sanctioned by HGML, the concerned institution has to give an undertaking as to how the balance amount will be met by them for completion of the project/s under CSR.
- 15) The company reserves the right to recall the amount released under CSR without assigning any reasons in case if it comes to the notice of HGML that the amount released for the project is not utilised for the same.
- 16) The institution should provide an undertaking before disbursement that:
 - a) It has not availed contribution under CSR from another company, in cases where the project is fully funded by HGML and with the management contribution of 10% / 20% as per zonal applicability.
 - b) The contribution to be availed from other Companies, will not exceed the cost of the project including the amount sanctioned by HGML.

THE HUTTI GOLD MINES CO.LTD

- 17) The institution has to furnish alongwith application for sanction under CSR exemption certificate/s if any issued by IT Dept.in the following cases:
- a) Section 80G - Donations
 - b) Section 35 - Expenditure on scientific research
 - c) Section 35 AC - Expenditure on eligible projects / schemes approved by the National Committee of GOI
 - d) Section 35 CCA - Expenditure on rural development programme
 - e) Section 35 CCD - Expenditure on skill development projects.
 - f) Any other exemption certificates as applicable under CSR.
- 18) The policy shall be in force in future except for the amount of CSR which will be incorporated year on year basis based on the profits of the company as per the provisions of section 135 of the Companies Act, 2013. The amendments if any, in the CSR policy shall be subject to the approval of the Govt.
- 19) Application format
- The proposal/s for sanction under CSR interalia covering the broad guidelines are to be submitted as per the application format enclosed herewith.

VIII. Project Monitoring Unit

The company has constituted a Project Monitoring Unit consisting of the following Officers from within the Company as under:

- a) Sri Vijay Kumar Patil,
Dy. General Manager (Engg) - Chairman
- b) Sri B K Devaraj
Sr. Engineer (Mech), Ingaldhal, Chitradurga - Member

THE HUTTI GOLD MINES CO.LTD

- | | | |
|------------------------------|---|--------------|
| c) Sri Balaji, | | |
| Sr. Engineer (Civil), Hutti | - | Member |
| d) Sri N Kariyappa Anwari, | | |
| Dy. Manager (HR), Hutti | - | Member |
| e) Sri Manikappa Biradar | | |
| Dy. Manager (Admn.) | - | Member |
| f) Sri Abdul Khader | | |
| Dy. Manager (Costing), Hutti | - | Co-Ordinator |

The amount released under CSR will be monitored by this unit at regular intervals and submit its report considering both physical and financial progress in the implementation of the projects /programmes/ activities to the CSR Committee.

IX. Board

The Board, duly considering the recommendations of the CSR committee shall approve CSR policy of the company and will disclose the contents of the policy in its reports to members and also on the company's website. The Board shall also ensure that, the activities included in the CSR policy are undertaken by the company within the overall policy frame work, and the provisions of Companies Act thereof.

X. Implementation Strategy

Every Project will specify the implementation schedule indicating the starting date, date of completion, likely benefits etc., the methodology of implementation.

THE HUTTI GOLD MINES CO.LTD

The CSR Projects/Activities shall be implemented in any of the following ways as below:

- 1) Directly by HGML
- 2) Through NGOs/Voluntary Organisations /Trusts
- 3) Through concerned State/District Authorities/Panchayat Raj Institutions at District/ Taluk/ Village level
- 4) Through / in-partnership with other PSUs
- 5) Through Local Urban bodies like Corporations/ Municipalities etc.
- 6) Through self help groups
- 7) Any other Agency as approved by MD

XI. Audit

In addition to the continuous monitoring of the activities by a separate Project Monitoring Unit, all the CSR activities and expenses made thereon will be subject to audit by the Company Auditor/s as well.

XII. Conclusion

The CSR policy of the company as above is only illustrative and will be amended from time-to-time within the overall provisions of the Companies Act and rules made thereunder.

Managing Director