

**CORPORATE SOCIAL RESPONSIBILITY  
&  
SUSTAINABILTY POLICY**



**MISHRA DHATU NIGAM LIMITED  
(Hyderabad)**

**2014**

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**Preface:**

Pursuant to the Guidelines issued by Dept. of Public Enterprises, during April, 2010, the Board constituted a Committee called as “Corporate Social Responsibility Committee” having an Independent Director as its Chairman.

The committee recommended a policy to be pursued by the Company in the matter of its Corporate Social Responsibility and the same was approved by Board of Directors.

The Ministry of Corporate affairs vide notification dated 27<sup>th</sup>Feb., 2014 has notified the enforceability of Sec. 135 of Companies Act (i.e. provision for CSR) and Companies (Corporate Social Responsibility Policy) Rules, 2014 with effect from 01.04.2014. In addition DPE has issued guidelines on CSR and Sustainability for CPSEs to be followed with effect from 01.04.2014

*This policy is made in accordance with the notification issued under section 135 of Companies Act 2013 issued by Ministry of Corporate Affairs (MCA) with effect from 1<sup>st</sup> April 2014 and DPE guidelines.*

## **ABOUT MIDHANI**

MISHRA DHATU NIGAM LIMITED (Acronym: MIDHANI) located at Hyderabad, Telangana is a prime specialized metal and metal alloys manufacturing company set up in the early 1970s to manufacture critical materials required in the strategic sectors of India's defense industry and for sectors like nuclear power, satellite launch vehicles, aircraft etc. MIDHANI started commercial production in 1983 and has since then successfully supplied special metals and alloys to customers in India's space, missile, nuclear, armaments, and aeronautics entities. The special metals and alloys manufactured at MIDHANI are part of an import substitution strategy, which is designed to reduce the India's reliance on foreign suppliers and achieve self-sufficiency.

## **PREAMBLE**

MIDHANI has been undertaking various activities like community development, pollution control and environment development, etc.

In deference to the Companies Act 2013 and DPE guidelines this policy aims at developing company specific social responsibility strategies in long, medium and short term period with built in mechanism for implementation and monitoring towards all-round development of people residing in and around the Company's area of operation.

## **POLICY STATEMENT**

*To be a Responsible Corporate Citizen committed to Socio – Economic development through social innovation and to build a better sustainable way of life for the weaker sections of the society through suitable projects or programs.*

## **SHORT TITLE & APPLICABILITY**

This policy may be called the Corporate Social Responsibility & Sustainability Policy- 2014. It shall come into force with effect from 1.4.2014.

## CSR& SD COMMITTEE

The CSR & SD Committee shall consist of three or more Directors, out of which at least one Director shall be an Independent Director. The Constitution of Committee shall be as under:

S. No.	Name / Designation of the Directors	Status
1.	Part-time-Non-Official/Independent Director	Chairman
2.	Director (Finance)	Member
3.	Director (Production & Marketing)	Member
4.	GM-HR	Permanent Invitee
5.	GM-ES	Permanent Invitee
The nomination of Functional Directors on CSR is on Ex-Officio basis.		
Company Secretary shall function as Secretary to the Committee.		

## CSR Cell

CSR & SD committee shall recommend to the Competent Authority to constitute a CSR Cell. The CSR Cell shall have a tenure of two years for taking up CSR & Sustainability activities.

## **CORPORATE SOCIAL RESPONSIBILITY POLICY**

## OBJECTIVES

- To identify and to offer a helping hand to the needy & economically weaker sections of the society and to contribute to their growth and development.
- To promote awareness programs against social evils such as Alcoholism, AIDS etc., and to spread the awareness of legal rights & responsibilities.
- To provide suitable assistance to the victims of natural calamities such as Floods, Earth Quakes epidemics etc., in any part of the Country.
- To promote cultural, social & sports activities.
- Any other activity with approval of the Board.

## BUDGET

The Budget for CSR activities will be as per the relevant sections of the Companies Act 2013, as amended from time to time. Section 135 read with section 198 of the Companies Act 2013 states that a company shall spend at least 2% of the average Net Profits for the preceding three financial years for its CSR activities of current year.

CSR expenditure shall include all expenditure including contribution to corpus for projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee, but shall not include any expenditure on an item not in conformity or not in line with activities which fall within the purview of Schedule VII of the Act.

Contribution of any amount directly or indirectly to any political party under section 182 of the Companies Act 2013, shall not be considered as CSR activity.

Activities which are for the benefits of employees of the company or their family members shall not form part of CSR activities.

Any surplus arising out of the CSR activity shall not form part of the business profits of MIDHANI.

In case MIDHANI fails to spend the budget towards CSR, the reasons thereof shall be recorded in its annual report.

## PROJECT/PROGRAM IDENTIFICATION

The activities to be covered and the projects to be undertaken shall be the activities laid down in Schedule VII of the Companies Act 2013 as amended from time to time. Schedule VII is enclosed at **ANNEXURE 1**.

Selection of activities shall be based on the following-

- ✓ The need assessment /Baseline Survey by Professional Bodies;
- ✓ Receipt of proposals/requests from District/Local Govt. etc.,
- ✓ Discussions with local representatives/Civil bodies
- ✓ Discussions with Citizen's forums/Voluntary Organization
- ✓ Appeals given by State/Central Government/Ministries from time to time due to floods and natural calamities disasters etc.
- ✓ Based on study conducted by MIDHANI.

## MODALITY FOR EXECUTION

The CSR Committee shall examine and recommend the projects / program to the Board for its approval and largely adhere to the following:

- ✓ Technical appraisal of the project and identifying encumbrances if any, which may delay the project schedule.
- ✓ Financial appraisal of the project especially the cost estimates and the funding arrangement.
- ✓ Clarity on definition of project milestones and their measurability, especially approvals and clearances for the plan/designs/layouts from the state/ central govt. departments.
- ✓ Time chart/ project schedules and funding requirements for each stage.
- ✓ Payment terms and its linkages with the physical progress and contribution of share from other parties, if any.
- ✓ Draft MoU with the execution agency/organization detailing the roles and responsibilities of the agency, MIDHANI and any other party

After approval by the Board, MIDHANI shall implement the project / programs in the following ways:



- a) **Directly by MIDHANI/in collaboration with other CPSE/Trust**
- b) **Through NGOs /Voluntary Organizations**
- c) **Through State/District Authorities**
- d) **Any other agency notified by Government from time to time.**

In order to build CSR culture, MIDHANI will encourage employees to participate voluntarily in the projects /programs taken under CSR.

## **PROJECT/PROGRAM MONITORING PROCESS**

In general the following shall be applicable for all the project / programs under implementation.

- (i) The chairman of the CSR Committee shall apprise the progress of CSR activities to the Board of Directors on 6-monthly basis.
- (ii) MIDHANI shall monitor the execution and progress of the project / program.
- (iii) The execution agency/organization shall submit quarterly reports of physical and financial performance of the project in terms of the sanction letter.
- (iv) MIDHANI may consider appointing an independent external agency for evaluation of CSR Projects and its benefits to the intended beneficiaries.
- (v) CSR projects of MIDHANI are subject to scrutiny and audit by external agencies.

### **a) Steps for monitoring projects taken up directly by MIDHANI / MIDHANI trust:**

- ✓ The CSR Projects shall be monitored by CSR Cell.
- ✓ CSR Cell shall recommend for payment as per terms of purchase order / contract / work order / MoU.
- ✓ CSR Cell shall coordinate and record progress of work as per the agreed time schedule.

### **b) Steps for monitoring projects taken up through NGOs /Voluntary Organizations:**

- ✓ CSR projects shall be allotted to NGOs / Trusts (other than MIDHANI) / Society having an established track record of three financial years in undertaking similar programs or projects.
- ✓ The CSR Projects taken up through NGOs / Trusts shall be monitored jointly by CSR Cell and respective organizations.
- ✓ MIDHANI and the implementing agency shall jointly prepare a time schedule for the project execution.
- ✓ CSR Cell shall recommend for payment as per terms of purchase order / contract / work order / MoU.
- ✓ CSR Cell shall coordinate and record progress of work as per the agreed time schedule.

**c) Steps for monitoring projects taken up through State/District Authorities:**

- ✓ The Projects taken up through State/District Authorities shall be monitored by both CSR Cell and the implementation agency either jointly or independently.
- ✓ Finance shall be provided by MIDHANI in suitable installments on recommendation by CSR Cell. After release of the first installment for initiation of the work, further release of fund shall be based on progress of the work /utilization certificate submitted by the respective Agency.

## PROJECT EVALUATION

- (i) In order to determine the degree of success and effectiveness of the project /program, an impact assessment shall be carried out after the project is completed and expiry of necessary minimum gestation period (period for impact to be felt). A survey shall be conducted to assess the impact of CSR project in terms of social, economic and environmental benefits accrued to the intended beneficiaries.
- (ii) The survey shall be conducted among beneficiaries through a structured questionnaire, personal interview, telephonic feedback, etc. designed keeping in mind the prior data of baseline survey or need assessment study.
- (iii) The stakeholders may be interviewed during the site visits and their responses recorded in order to gauge the impact of the CSR & Sustainability projects in their social, environment and economic well-being.

(iv) The surveys may be conducted by CSR Cell or through the help of an external agency.

(v) The sample size selected for impact assessment survey shall be representative of the local population.

(vi) The report of impact assessment shall include:

- ✓ Name, address and contact details of the person/household surveyed
- ✓ The parameters on which the impact assessment is based
- ✓ The status in terms of then and now
- ✓ Photographs, if any, of the group meeting/ community engagement along with the date and location
- ✓ Photographic or narrative description of improvement
- ✓ Details of survey team members
- ✓ Brief summary about the new initiatives which can be taken up further

(vii) The findings of the survey shall be scrutinized, analyzed for deficiencies, if any, and suitable corrective measures will be taken for further improvement in the company's CSR initiatives.

## CSR REPORTING

The CSR Cell shall prepare monthly / quarterly progress report as per the format enclosed at **ANNEXURE – II**.

The Company shall report the details of the CSR initiatives in the Directors' Report and Companies website in the prescribed format (enclosed at **ANNEXURE – III**) as per the provisions of section 135(1),(2) & 469 of the Companies Act, 2013.

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## ANNEXURE-I

1. The activities that a company can undertake as its CSR activity is laid down in Schedule VII which has been notified and is as under:

- i. Eradicating hunger, poverty and malnutrition: ***promoting health care including preventive health care*** and sanitation ***including contribution to the 'SwachhBhartKosh' 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 centers 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, agro forestry, 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, Paralympics sports and Olympic sports;
- viii. Contribution to the Prime Minister's National Relief Fund 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***

***Explanation- For the purpose 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.***

[Item no (xi) and phrases in ***italics*** under items no.(i) and (iv) have been inserted in Schedule VII of the Act through amendments subsequent to gazette notification on Schedule VII dated 27.02.2014]

## Format for Monthly Quarterly Progress Report

<b>PROJECT Category: CSR/ Sustainability</b>	
<b>Progress Report for the period: From To</b>	
<b>Title of Project:</b>	
<b>Start Date (Month &amp; Year):</b>	
<b>Implementing Agency:</b>	
<b>Monitoring Agency :</b>	
<b>Evaluating Agency:</b>	
<b>Budget sanctioned for the project:</b>	
<b>Actual Cumulative Expenditure</b>	
<b>Target as on date</b>	<b>Actual</b>
<b>Scheduled Completion Date (Month &amp; Year):</b>	

S. No.	Important Milestones	Start Date	Target Completion Date	Expected Completion Date	Status/Progress of the work	Remarks
(i)						
(ii)						
(iii)						
(iv)						

**Comments: (If any)**

**Signature of Project Coordinator:**

**Name:**

**Designation:**

**Date:**

**ANNEXURE-III**

**FORMAT OF THE ANNUAL REPORT ON CSR ACTIVITIES**  
*(Also forming part of the Board's Report)*

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.
2. The Composition of the CSR Committee.
3. Average net profit of the company for last three financial years
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)
5. Details of CSR spent during the financial year.
  - a) Total amount to be spent for the financial year
  - b) Amount unspent, if any;
  - c) Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>S. No</b>	<b>CSR Project or activity identified</b>	<b>Sector in which the project is covered</b>	<b>Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken</b>	<b>Amount outlay (budget) project or programs wise</b>	<b>Amount spent on the projects or programs Sub-heads: 1) Direct expenditure on projects or programs 2) Overheads:</b>	<b>Cumulative expenditure upto to the reporting period</b>	<b>Amount spent ; Direct or through implementing agency</b>
1							
2							
3							
	<b>TOTAL</b>						

\* Give details of implementing agency:

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.
7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company

<b>Sd/- (Chief Executive Officer or Managing Director or Director</b>	<b>Sd/- (Chairman , CSR Committee)</b>	<b>Sd/- (Person specified under clause (d) of sub-section (1) of section 380 of the Act) (Wherever applicable)</b>
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# **SUSTAINABILTY POLICY**



## OBJECTIVES

To balance our economic, environmental and social needs, allowing prosperity for now and future generations.

To secure economic development and environmental protection.

To encourage, conserve and enhance our resource base, by gradually changing the ways in which we develop and use technologies.

To minimize consumption of fossil based energies.

To promote use of recycled materials and materials from renewable sources.

## BUDGET

Budget for SD shall be separate from CSR budget to be decided on yearly basis by the CSR & SD Committee.

A separate account for the Sustainable Development Fund will be created. Funds will not lapse and will be transferred to this fund for use in subsequent years.

- a) The Board of Directors shall accord approval for the funds to be spent in a particular financial year under the various projects identified.
- b) Training, impact assessment and administrative expenses related to SD projects shall also form part of this expenditure.

## SELECTION OF SD PROJECTS

MIDHANI would endeavor to undertake Sustainable Development activities in a continued, efficient and effective manner. Identification of SD project would be from Schedule – “A” and Schedule – “B” mentioned as under:

### **SCHEDULE – A**

- a) WASTE MANAGEMENT
- b) WATER MANAGEMENT
- c) ENERGY MANAGEMENT & PROMOTION OF RENEWABLE ENERGY
- d) BIO DIVERSITY CONSERVATION

- e) MATERIAL AND NATURAL RESOURCE MANAGEMENT
- f) ANY OTHER AREA WHICH MAY BE INCLUDED FROM TIME TO TIME

**SCHEDULE – B**

- a) CARBON MANAGEMENT
- b) SUPPLY CHAIN
- c) EXTERNAL CHARTERS / MANDATES
- d) LIFE CYCLE ANALYSIS
- e) SD REPORTING
- f) TRAINING
- g) ANY OTHER AREA WHICH MAY BE INCLUDED FROM TIME TO TIME

Any one project from Schedule-“A” or / and one project from Schedule-“B” may be selected for implementation.

MIDHANI will follow a project based accountability approach to stress on the long term sustainability of SD projects, where its action plan will be distinguished as **Short term, Middle Term & Long Term:**

Qualified as:

- a) Short Term – Less than two year duration.
- b) Medium Term – Two to five years duration
- c) Long Term – Beyond five years duration.

## IMPLEMENTATION

After approval by the Board, MIDHANI shall implement the project / programs in the following ways:

- a) **By MIDHANI**
- b) **In collaboration with other CPSE**
- c) **Through consultants**

## PROJECT EVALUATION

The performance of the project/activities shall be evaluated based on its objective, scope, deliverables and benefits.

MIDHANI shall submit the details with respect to SD projects/activities undertaken.

Evaluation of actual achievement and vis-a-vis targets will be carried out at the end of the year.

Report of actual performance of the SD projects / activities shall be prepared.

## REVIEW / AUDIT

The expenditure towards SD projects shall be subject to Internal Audit and Verification review.

Review of projects will be carried out by CSR Cell once in three months and by Director (Production and Marketing) once in a quarter. CSR & SD Committee will carry out half yearly review and as and when the committee meets.

## COMMUNICATION TO STAKE HOLDERS

MIDHANI shall publish environmental reports or statements that provide information describing the SD policy and related activities to the external stakeholders through the company website.

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