

REPORT ON CSR AND SUSTAINABILITY INITIATIVES

[Forms part of the Directors' Report for the year 2023-24 dated 15-May'24]

CSR AND COMMUNITY INITIATIVES

- 1 The Company has adopted the triple-bottom-line approach in all its operations, i.e., Economic, Environmental and Social, with a view to improving the quality of life of the people enabling them to realize their potential, sustaining a healthy and prosperous environment, and optimizing all stakeholders' satisfaction with minimum business risks for the Company and its Business Partners. The above is achieved through its corporate initiatives, employee volunteering, and nurturing the spirit of social entrepreneurship in the areas in which it operates, enabling the Company to fulfill its commitment as a socially responsible corporate citizen. The Company provides opportunity to its employees to volunteer their managerial, technical, and specialized skills and services, through which it achieves its objectives of building strong communities and creating a sustainable environment in and around its facilities, besides enriching their lives as well. It is being monitored and implemented by a two-tiered Governance Structure comprising of Tier I – Board and CSR Committee of the Board, and Tier II - CSR Team comprising of Corporate Offices and Manufacturing Plants.

CSR COMMITTEE AND POLICY ON CSR

- 2 The Board of Directors had at its meeting held on March 4, 2015, constituted the Corporate Social Responsibility (CSR) Committee as a Board sub-committee. During the year 2022-23, the Committee was reconstituted, and now is comprised of two members, namely, Mr. Sandeep Singh, the Managing Director and Mr. T Onishi, Director. The Committee had formulated the CSR Policy for the Company and reviews the same once in every three years for conformity and alignment with its business objectives and dynamic requirements of its identified communities. The Policy states the Company's CSR philosophy and lays down the framework of its CSR projects and programs. These were categorized under (a) education and literacy, (b) safety and healthcare, (c) environment and rural development, and (d) skill development and vocational training, with a special emphasis on AA (affirmative action) communities, viz., scheduled castes and tribes.
- 3 On 2-May'22, the policy was amended to restructure the categories of these projects in alignment with those listed under Schedule VII of the Companies Act, 2013 (the Act), whereby it is now categorized in to (a) Healthcare [and safety], (b) Education [and skill development], (c) Environment, and (d) Others [all other projects including disaster relief, rural development, etc.], by being responsive towards its key stakeholders - the communities, especially those from socially and economically backward groups, the underprivileged, marginalized and most vulnerable groups; focused on inter alia the Scheduled Castes and Scheduled Tribes, Persons with Disability, Women and the society at large.. The amended policy is hosted on the Company's website www.tatahitachi.co.in.
- 4 During the year 2023-24, the Company worked extensively in the interest of its identified communities residing close to its plants, besides those in a few other operational locations too. The employees volunteered in almost all these spheres during the year. The Company continued working on aligning its CSR activities to various social welfare and environmental initiatives promoted by the Government of India, creating an effective linkage with national and global efforts towards nation building. It's a matter of great pride that in the year 2022-23, the Company's CSR initiatives were also featured in HCM Sustainability Letter.

HEALTHCARE

- 5 Under CSR Healthcare initiatives, keeping in view the importance of community health, the Company's focus was to support the local administration and the rural communities, making healthcare more accessible. At Dharwad,

the Company provided Blood bank equipment to Govt. Civil Hospital, distributed 5 units of Retrofitted 2-Wheeler scooters for physically challenged persons and conducted free eye check-up camp at Mangalgatti village in co-operation with MM Joshi eye Hospital, Dharwad. In addition to this, frames and lenses were also being provided to more than 100 middle and old aged needy people. It also conducted Free Health check-up camps for school children (around 200 students) and village women (around 100 members) at Belur Village, Dharwad, including identification of their blood groups. Further, for women, in addition to regular physical health check, they had also been detected for cervical cancer in association with FPA of India organization, Women's Doctor's club association of Dharwad. It also distributed water purifiers for safe drinking water at Primary Health Center in rural areas like Kotur etc and Govt. ITI, Jharagram. In addition to this, the Company had also organized Blood Donation camps at its Kharagpur Plant and at the Blood Donation Centre in Jamshedpur, and 782 volunteers donated blood. It also installed 2 units of energy efficient LED High Mast Lights at the SD Hospital Kharagpur to facilitate the safety and security of the nurses and staff.

SAFETY AND OCCUPATIONAL HEALTH

- 6 During the year 2023-24, the Company was committed to maintain a sustainable safe, healthy, and clean environment both inside and outside its factories. It strove to ensure excellence through many initiatives to scale a new height in Safety and Occupational health. Awareness building through training was identified as a key initiative, different training modules were developed for raising awareness level on life saving rules for Height work, Hot work, Road safety, etc. Various departments had also taken targets on safety training man days. Improvement in behavioral aspect was also identified as a key initiative, and significant improvement in behavioral changes was achieved amongst the employees, on areas like driving, use of mobile while working /crossing roads, through self-undertaking, training and signages. In 2023 Kharagpur plant also reviewed and revised its Contractor Safety Management System with the incorporation of contractor evaluation and rating system.
- 7 During the year, risk assessment and mitigation movement was further strengthened by intensive deployment of KYK (Kiken Yochi Katsuda) i.e. risk assessment for each work process in manufacturing area. Initiatives viz. Weekly Safety Patrol, Root Cause Analysis of near-miss incidents and their action plan were monitored for horizontal deployment. The Company celebrated 53rd National Safety Day, Road Safety Week, Environment Day, etc., in all its locations to promote safety culture and safety mindset amongst the employees. Kharagpur plant started Skit / Nukkad Natak by its own employees to spread awareness on Road Safety and National Safety. The Skit on Road Safety was so admired that local companies like Tata Metaliks and Tata Bearings invited our team to perform into their factories and the performances were appreciated profusely. On the occasion of National Safety Day, Kharagpur team presented one Mime Skit on Safety awareness which was appreciated by all.

EDUCATION

- 8 Expanding equitable access to quality education is essential to empower the youth of a progressive nation. The Company is committed to improve the quality of education in the schools of Kharagpur and Dharwad, where its factories are located. The focus was to improve the learning environment in schools by providing basic infrastructure support. The Company identified schools in these locations to implement its projects based on need assessments, and most of these requirements were serviced during the year. At Kharagpur, the Company provided school bus facilities to more than 100 rural students to enable them access to quality education. It renovated the basketball court of DAV Model School, IIT Kharagpur. The Company provided infrastructure support at Jafala Primary school, refurbishing the lavatories and kitchen and also provided submersible drinking water system, thereby enhancing the learning atmosphere for students and more than 200 students were benefitted from this initiative.

- 9 At Dharwad, the Company worked with Garag Girl's school for construction of toilet, in tune with the national cleanliness drive. Keeping in mind the importance of technology in education, televisions and personal computers were being provided for Kamalapur school and Mishrikoti village school respectively for promoting digital education. It installed roof sheathing for rural schools at Mummigatti that helped the students to attend the classes during monsoon season. The Company worked with another four schools in Haliyal rural areas, and refurbished them with painting work, providing education facilities to poor students from backward communities. Safe Drinking water facility was being provided in Rural Govt. College and Alur Venkat Rao school in rural Dharwad Area. It also provided mini-bus service facility for commuting on regular basis especially for village students of Mummigatti and Neeralkatti and machines for levelling of school playgrounds at Govt. schools like Yattinagudda, Navodaya school, Adarsh school, Mummigatti etc.

SKILL DEVELOPMENT AND VOCATIONAL TRAINING

- 10 The Company developed the communities that belonged to the scheduled caste and scheduled tribes in the areas of employability, education, employment, and entrepreneurship, and reaffirmed its commitment to the cause of 'affirmative action' (AA). About 15% of the Company's employees at the operative levels belong to AA communities. Its Operator Training Centers (OTC) at Kharagpur and Dharwad have been training candidates to make them employable. This helped them operate and maintain the Excavators and wheeled equipment and find job opportunities in Construction and Mining industries. At its OTC in Kharagpur, the Company conducted 5 batches of Excavator Operator Training, benefiting 139 rural youth including 14 female candidates. This reinforced the Company's commitment to promote diversity and equal opportunity through CSR. It provided English Speaking, Life Skills, and Soft Skills training to 200 Final Year students including 24 girls at local ITI's, including the private ITI at Kharagpur, the Govt. ITI's at Midnapore and Jhargram, in association with SGBS Unnati Foundation, the implementing agency.
- 11 At Dharwad, the Company had in association with reputed NGO's conducted self-sustainable courses for rural women such as Tailoring, bag making, cooking fast food items, personality development, branding workshop, etc., in 5 batches benefiting over 150 rural women. It also conducted 2 batches of Operator training (Excavator and BackHoe Loader) in alliance with Deshpande Foundation, which trained around 40 unemployed youth. Some Soft skills/AI training was also arranged by IIT-Dharwad, by engaging interns from various colleges and courses and training them in industry skills, benefitting more than 50 college students every year. All this brought about a difference to the lives of the people in the village with enhanced literacy levels, reduced drop-out rates and empowered the community through basic and primary education.

ENVIRONMENT

- 12 Working towards reduction of environmental load and encouraging global stability, the Company took several initiatives in the year 2023-24. With existing target of 70%, Kharagpur plant solar power generation was 78% of its total power consumption, while Dharwad plant consumed solar power to the extent of 95% of its total power consumption. In addition to various administrative measures like plant shutdown to optimize production capacity, many other projects were also undertaken to reduce LPG consumption in paint shop operations and replace /reduce heating cycle with suitable chemicals like introduction of monocoat paints, high solid paints, elimination of topcoat paints on sheet metal parts, introduction of electrostatic paint gun. During the year, the Company has taken initiatives for reduced its consumption of LPG by 12% by optimizing machine testing activities to stimulation. Other energy saving projects like installation of inverter drive, LED bulbs, and heater less vaporizer at LPG bullet, had also contributed in reducing consumption of fossil fuel.

- 13 The Company is committed to conservation of ground water as well, reducing ground water abstraction by 7% at its Kharagpur Plant with overall 1.5% reduction. It undertook various measures, e.g., reusing treated water from effluent and sewage treatment plants, by installing piping network for gardening and cleaning. Both plants focused on reducing the use of paints and eliminating wastage, to reduce volatile organic compound (VOC). New initiatives like paint sludge recycling reinforced its commitment to sustainability with 127 tonnes of paint sludge being sent for cement manufacturing, saving 33 lakhs, and contributing towards circular economy. Kharagpur plant received 5-star rating in Energy Conservation from CII, as a recognition of its Green Initiatives. During the year, the Company planted over 700 trees each at its factories in Dharwad and Kharagpur, as an environmental initiative. It's factory in Dharwad carried out de-silting of tanks and lakes in villages in North Karnataka, including Haliyal – 5 Nos., Neeralkatti, Belur etc. Desilting and cleaning of lakes, nallas, and other water bodies had increased the storage volume during monsoon, meeting the need for water throughout the year, besides feeding the flora and fauna in the regions and avoiding floods during monsoons. This time company has started a new environment initiative of constructing Farm ponds with Shinrai Machines. The farm ponds will store water collected during monsoon and farmers can utilize the same during non-monsoon season for their crops, enhancing their socio-economic status.

RURAL DEVELOPMENT

- 14 The company provided 78 units of energy efficient LED streetlights in 2 major villages: Rupnarayanpur and Baradiha, located near the KGP Plant. This has enhanced the safety and security of the rural communities, especially after dark. The company provided flood relief support to the affected villages in the Sabang Block of Paschim Medinipur district jointly with the local administration. The company has installed CCTV camera network with night vision at the Chowranghee Chowk, KGP in collaboration with the local police administration. This has enabled them to further improve the law-and-order situation for the surrounding rural areas.

EXTERNAL ALLIANCES

- 15 During the year 2023-24, the Company received active support from reputed institutions and the organizations for mobilizing candidates for its initiative towards Excavator Operator Training including Seva Bharti, reputed ITIs and other civic organizations. Apart from this, with the help of SGBS Unnati Foundation, the Company has provided their UNXT training program to groom 200 students of 3 local ITIs at Kharagpur, in 6 batches. With the help of Deshpande Foundation, Haliyal, it conducted self-sustainable courses for rural women in Dharwad and construction of farm ponds in Haliyal Taluka. Further, with the help of Christel House India and Saastha Samooham Welfare Trust, it contributed towards the social welfare activities in the field of education, distribution of blankets, and medical help for the poor and needy people. In association with KGA, it also contributed towards honouring of the navy personnel, being the silent protectors of our country.

EXPENDITURE ON CSR

- 16 The Company was required to spend expenditure of Rs.1.62 Cr on CSR as mandated by the provisions of section 135 of the Act, being 2% of the average net profits for the preceding three financial years. However, considering the excess of Rs.0.65 Cr and in view of programs and initiatives committed and /or scheduled, the Company spent a sum of Rs.1.29Cr, details of which is provided below in Schedule-1, as against the budget of Rs.1.50Cr. The excess of Rs.0.32Cr, brought forward from the previous year, would be set off to the extent, against the shortfall, if any. The CSR Committee had on 2-May'24, reviewed the average profits for the preceding 3 years at Rs.141Cr, noted the mandatory spend of Rs.2.50Cr (after appropriating the excess), and approved a budget for Rs.2.50Cr towards CSR projects for the financial year 2024-25. The annual report on CSR pursuant to section 135 of the Act, read with the Companies (CSR Policy) Rules, 2014 is enclosed as Annexure-A.

Schedule-1

CSR Expenditure for the year ended 31-Mar'24 (Rs.Cr)

[Enclosed to the Report on CSR and Sustainability Initiatives dated 15-May'24]

Sl.	CSR Project or activity	Item from the list of activities in Schedule VII to the Act	Projects or programs (1) Local area or other & (2) Specify state and district where the project is undertaken	Amount of outlay (budget) Program wise	Amount spent on projects (1) Direct expenses & (2) Over-heads	Cumulative expenditure up to the reporting period	Implemented Direct or through implementing agency
1	Support to hospitals, regular health-checkups /blood donation camps	Health Care (and safety)	Hubli-Dharwad (KN), and West Midnapore (WB) Districts	0.14	0.14	0.14	Direct
2	Infrastructure support to schools, school bus facilities, safe drinking water and training in Operator Training Centers	Education (and skill development)	Hubli-Dharwad (KN), West Midnapore (WB) Districts	0.80	0.80	0.80	Both
3	Desilting of lakes, cleaning of nallahs, constructing farm ponds	Environment	Hubli-Dharwad (KN)	0.15	0.15	0.15	Both
4	Energy efficient LED streetlights, Flood Relief Support	Others (Rural development, etc.)	Hubli-Dharwad (KN), West Midnapore (WB) Districts	0.16	0.16	0.16	Direct
5	Feeding to poor, distribution of blankets and honouring the contribution of defense personnel	Contingencies	Bangalore & Kolkata Districts	0.25	0.04	0.04	Both

Annexure-A

Annual Report on Corporate Social Responsibility

(Disclosure pursuant to sec-135 of the Companies Act, 2013

read with the Companies (CSR Policy) Rules, 2014)

[Enclosed to the Report on CSR and Sustainability Initiatives dated 10-May'23]

- 1 Brief outline on CSR Policy of the Company: A brief outline on CSR policy is furnished in the Report on CSR and Sustainability Initiatives dated 15-May'24 (CSR Report), ref sections 1~3.
- 2 Composition of CSR Committee: The composition of CSR Committee is furnished in the CSR Report, ref section 2.
- 3 Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company: The weblink is furnished in the CSR Report, ref section 2.
- 4 Details of impact assessment of CSR projects carried out in pursuance of subrule 3 of Rule 8 of the Companies (CSR Policy) Rules, 2014 (Rules), if applicable (attach the report): No such projects were carried out by the Company, and hence not applicable.
- 5 Details of the amount available for set off in pursuance of subrule (3) of Rule 7 of the Rules, and the amount required for set off for the financial year 2022-23, if any:

Sl No	Financial Year	Amount available for set-off from preceding financial years (in Rs Cr)	Amount required to be set-off for the current Financial Year, if any (in Rs Cr)
1	2020-21	-	-
2	2021-22	0.50	-
3	2022-23	0.65	0.33

- 6 Average net profit of the Company as per section 135 (5): Rs.80.83Cr.
- 7 (a) Two percent of average net profit of the company as per section 135 (5): Rs.1.62Cr
(b) Surplus arising out of CSR projects, programs, or activities of the previous financial years: Nil
(c) Amount required to be set off for the financial year, if any: 0.33
(d) Total CSR obligation for the financial year (7a+7b-7c): Rs.1.29Cr

- 8 (a) CSR amount spent or unspent for the financial year:

Total amount spent for the financial year (Rs.Cr)	Amount unspent (Rs.Cr)				
	Total amount transferred to Funds Account u/s 135 (6) Amount	Unspent CSR Date of transfer	Amount transferred to any fund specified in Schedule VII as per 2nd proviso u/s 135 (5) Name of Fund	Amount	Date of transfer
1.29	-	-	-	-	-

- (b) Details of CSR amount spent against ongoing projects for the financial year: Nil
- (c) Details of CSR amount spent against other than ongoing projects for the financial year: Rs.1.29Cr
(The details are furnished in Annexure-1 to the CSR Report.)
- (d) Amount spent in Administrative Overheads: Nil

- (e) Amount spent on Impact Assessment, if applicable: Nil
(f) Total amount spent for the financial year: (8b+8c+8d+8e): Rs.1.29Cr.
(g) Excess amount for set off, if any: Nil

9 (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs. Cr)	Amount spent in the reporting Financial Year (in Rs. Cr).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs. CR)
				Name of the Fund	Amount (in Rs. Cr).	Date of transfer	
1.	2020-21	1.12	-	-	-	-	-
2.	2021-22	-	1.12	-	-	-	-
3.	2022-23	-	-	-	-	-	-
	Total	1.12	1.12	-	-	-	-

- (b) Details of CSR amount spent in the current financial year for ongoing projects of the preceding financial year(s): Nil, same as specified in 8 (b) above.

- 10 In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the Financial Year: NA
- 11 Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135 (5): NA.

On behalf of the Board of Directors

Sandeep Singh, Managing Director
And Chairman-CSR Committee (DIN: 01234858)

Toshiki Onishi, Director
(DIN: 09672267)

Place: Bengaluru
Date: May 15, 2024