



***CORPORATE SOCIAL RESPONSIBILITY  
POLICY  
OF  
HINDUSTAN POWER EXCHANGE LIMITED***

*Recommended by the Audit Committee on 29/07/2024  
Approved by the Board of Directors on 29/07/2024*

## HINDUSTAN POWER EXCHANGE LIMITED

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## **1. INTRODUCTION**

Hindustan Power Exchange Ltd. (**the “Company” / “HPX”**) is a new age power exchange in the Indian Electricity Market which started its commercial operation in July 2022 after getting the regulatory nod from the Hon’ble Central Electricity Regulatory Commission (**“CERC”**). HPX started its journey with a vision to provide best-in-class services to market participants by leveraging the latest technologies.

It provides a comprehensive market platform for different electricity products providing a transparent, seamless and robust exchange platform for the market participants. HPX provides opportunity to market participants to transact in most equitable and transparent manner giving its customers unmatched user experience through advanced technology and customized value-added services. Through continuous innovation and creativity in the services as well as its technology, HPX brings in fresh perspective in the power market.

HPX is an institutional exchange in its truest sense backed by marquee shareholders, including BSE Investments Ltd., ICICI Bank Ltd. and PTC India Ltd. The diversified shareholding base has representations from a diverse set of market participants including electricity traders, generators, utilities, power sector consultants, bank and stock exchange.

Corporate Social Responsibility (**“CSR”**) is the commitment of companies to provide resources and support activities focused on enhancing economic and social development. It is the effort made by companies to improve the living conditions of the local area in which they operate and the society at large. The activities taken up as part of CSR reflect the intent to create a positive impact on society without seeking any commensurate monetary benefits.

This CSR policy deals with the requisite attributes in accordance with the relevant provisions of Companies Act 2013 (**the “Act”**). This policy sets out the rules that requires to be adhered to while considering and implementing CSR activities for creating sustainable impact.

## **2. APPLICABILITY**

This CSR policy shall apply to all CSR initiatives and activities undertaken/to be undertaken by HPX pursuant to the provisions of Section 135 of the Act and read with the applicable rules made thereunder.

## **3. PURPOSE OF THE POLICY**

The purpose of this policy is to fulfil its ethical and moral obligations towards society while contributing to sustainable development. By implementing CSR initiatives, HPX aims to positively impact the communities it operates in, enhance its reputation as a socially responsible organization, and foster long-term relationships with stakeholders.

It serves as a commitment to creating shared value by balancing financial performance with social and environmental responsibility.

This Policy covers CSR activities undertaken/to be undertaken by the Company and ensuring that they are in compliance with Section 135 of the Act read with the CSR Rules and Schedule VII of the Act as amended from time to time.

#### **4. FORMATION OF CSR COMMITTEE**

Section 135 of the Companies Act, 2013 (hereinafter referred to as 'the Act') read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time (hereinafter referred to as 'CSR Rules'), requires that every company falling under the provisions of sub section 1 of Section 135 of the Act, shall constitute a Corporate Social Responsibility (CSR) Committee of the Board comprising of three or more directors, out of which at least one director shall be an independent director.

*However, in case the expenditure to CSR activities falls below INR 50 Lakhs, the requirement of constitution of CSR Committee is not mandatory and, in such cases, the functions of CSR Committee shall be discharged by the Board of Directors of the Company. Therefore, the Board of Directors of the Company shall be responsible for the discharge of such functions including formation of a CSR Policy but not limited to until the constitution of CSR Committee as per the Act.*

*In line with the Board of Directors suggestion in the Board Meeting held on 30.04.2024, Board of Directors shall discharge the functions of CSR Committee based on recommendation of Audit Committee until the constitution of CSR Committee.*

*Hereinafter, until the constitution on CSR Committee, the term "CSR Committee" will refer to the "Board of Directors discharging the functions pertaining to CSR activities based on recommendations of Audit Committee".*

#### **5. RESPONSIBILITIES OF THE CSR COMMITTEE**

The CSR Committee shall:

- Formulate and recommend to the Board, a CSR Policy which shall include the activities to be undertaken by the Company as specified in Schedule VII and recommend the amount of expenditure to be incurred on the CSR activities;
- Monitor the CSR Policy of the Company from time to time and recommend the Board for suitable modification(s) as and when required; and
- Approve the implementation of CSR activities in accordance with CSR Rules, as amended from time to time.
- Formulate procedures for assessment, implementation and monitoring of CSR activities.

#### **6. IDENTIFICATION & SELECTION OF THE PROJECTS/ACTIVITIES**

##### **❖ IDENTIFICATION OF THE CSR ACTIVITIES**

The Company shall identify the focus activities out of below mentioned activities in accordance with the Section 135 read with Schedule VII of the Act as its CSR activities:

- 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 (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 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 Défense 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.
- XII. Disaster management, including relief, rehabilitation and reconstruction activities.
- XIII. Any other activity as permitted under the Act from time to time.

**Explanation:-** - "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.

#### ❖ **SELECTION**

- i. The CSR Committee shall formulate the Annual Action Plan for each financial year which shall include the CSR activities and recommend to the Board of Directors for consideration and approval.
- ii. Board may alter such plan at any time during the financial year, as per the recommendation of CSR Committee, based on the reasonable justification to that effect.

## **7. CSR BUDGET & UTILISATION**

1. Budget for CSR shall be 2 per cent of its average net profits of the three preceding financial years towards CSR activities. The net profit will be estimated in accordance with the provisions of section 198 of the Act read with the Companies (Corporate Social Responsibility Rules), 2014. The budget will be based on recommendations by the CSR Committee.
2. The surplus, if any, arising out of the CSR activities or projects will not form part of the business profit of the Company and shall be channelized into CSR corpus of the Company.
3. The Company may spend up to 5 percent of its total CSR expenditure towards administrative overheads for the financial year for the purpose of CSR functions in the Company.
4. Pursuant to provisions of Section 134 of the Act, if the Company fails to spend such amount, the Board of Directors shall in its report specify the reasons for not spending the amount and such unspent amount shall be dealt with in accordance with the provisions of Section 135 (5) & (6) of the Act and Rule 10 of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.
5. Tax treatment of the CSR expenditures will be in accordance with the provisions of the Income Tax Act.
6. In case Company spends an amount excess of the requirements of its CSR obligations in a financial year, such excess amount shall be dealt with the provisions of Section 135(5) of the Act read with rules made thereunder.

## **8. IMPLEMENTATION**

1. The CSR Committee of the Board shall monitor the CSR Policy and its implementation periodically.
2. HPX will set up a CSR Implementation Team for supporting the CSR Committee and implementation of the CSR activities in accordance with the directions of the Board.
3. The CSR Implementation Team will be led by the Managing Director and will include the Company Secretary, Chief Financial Officer, and Head of HR & Admin as members.
4. The Board, on recommendation of CSR Committee, shall ensure that the CSR activities are undertaken by the Company itself or through implementing agency in accordance with the applicable provisions of Section 135 of the Act read with Rule 4 of the Companies (Corporate Social Responsibility) Rules, 2014.

### **8.1 SCOPE OF CSR IMPLEMENTATION TEAM**

Role of the CSR Implementation Team:

- To prepare and propose an Annual Action Plan for CSR activities to CSR Committee and Board of Directors.
- To implement CSR activities in accordance with the approval of the Board of Directors.
- To overview and monitor the CSR activities by periodic review meeting and utilisation of funds.
- To submit CSR Compliance Certificate along with CFO certificate to CSR Committee or Audit Committee until the constitution of CSR Committee and Board of Directors.

## **9. MONITORING AND REVIEW MECHANISM**

CSR Committee shall monitor the implementation of the CSR Policy through periodic review of the selected activities/projects.

In compliance with the Act and rules made thereunder and to ensure funds spent on CSR activities/projects are creating the desired impact on the ground, a comprehensive Monitoring and Reporting framework would be followed in compliance with the provisions of the Act. The monitoring and reporting mechanism for each activities/project shall be monitored and evaluated by CSR Committee/Board from time to time.

The CSR Implementation Team shall along with CFO's certificate on utilisation of fund, submit a Compliance Certificate in accordance with the CSR provisions of the Act to the CSR Committee or Audit Committee until the constitution of CSR Committee and Board of Directors.

Board of Directors, on recommendation of CSR Committee or Audit Committee until the constitution of CSR Committee, shall satisfy itself that the funds so disbursed have been utilized for the purposes and in the manner as recommended by CSR Committee and approved by Board.

## **10. REPORTING AND DISCLOSURE**

The Board's Report of a company covered under these rules pertaining to any financial year shall include an annual report on CSR containing particulars specified in the format prescribed in Section 135 of the Act read with the rules made thereunder.

## **11. PUBLICATION OF CSR POLICY**

The Company shall mandatorily disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on their website, if any, for public access.

## **12. MODIFICATION**

The Board of Directors, either on its own or as per the recommendations of CSR Committee or Audit Committee until the constitution of CSR Committee, can review and amend this Policy, as and when required. The decision of the Board of Directors on all matters, relating to this Policy, shall be final and binding upon all concerned. This Policy is subject to continuous review and updates as required from time to time.

## **13. MISCELLANEOUS**

1. Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, as may be amended from time to time shall have the meaning respectively assigned to them therein.
2. In case of any doubt with regard to any of the provisions of this Policy and in respect of matters not covered herein, a reference to be made to CSR Committee or Audit Committee until the constitution of CSR Committee. In all such matters, the interpretation and decision of the CSR Committee/ and or Audit Committee in accordance with applicable provisions of Section 135 of the Act read with the rules made thereunder shall be final, subject to approval of Board.
3. Activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019, shall not be considered as CSR activities.

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