

CORPORATE SOCIAL RESPONSIBILITY
(CSR) POLICY



BIHAR STATE POWER TRANSMISSION
COMPANY LIMITED

PRETEXT

Bihar State Power Transmission Company Limited is a State Government company and a wholly owned subsidiary of Bihar State Power (Holding) Company Limited which was incorporated in the year 2012 as an epilogue of erstwhile Bihar State Electricity Boards' disintegration, in conformity with the provisions of Electricity Act, 2003. If reckoned from its date of incorporation, company is in its nascent stage, still having a net worth of more than Rs. 3000 Crores. The company was established along with three sister concerns namely South Bihar Power Distribution Company Limited, North Bihar Power Distribution Company Limited and Bihar State Power Generation Company Limited and having Bihar State Power (Holding) Company Limited as its Holding company, with comprehensive objective of attaining the grail of uninterrupted quality endowment of power in the State of Bihar emanating in holistic business growth, social blossoming and sustained economic performance of the State. Being a key player in the arena of State Government Social Welfare Machinery, the company is aimed at providing a dedicated approach to community development. BSPTCL is committed to ensure the social wellbeing of the community in the vicinity of its business operations through CSR initiatives in alignment with company philosophy of "Tamaso Maa Jyotirgamaya" meaning from darkness to light.

1. WHAT IS CSR?

The term "Corporate Social Responsibility (CSR)" can be referred as corporate initiative to assess and take responsibility for the company's effect on the environment and impact on social welfare. The term generally applies to company's efforts that go beyond what may be required by regulators or environmental protection groups.

Corporate social responsibility may also be referred to as "corporate citizenship" and can involve incurring short-term costs that do not provide an immediate financial benefit to the company, but instead promote positive social and environmental change.

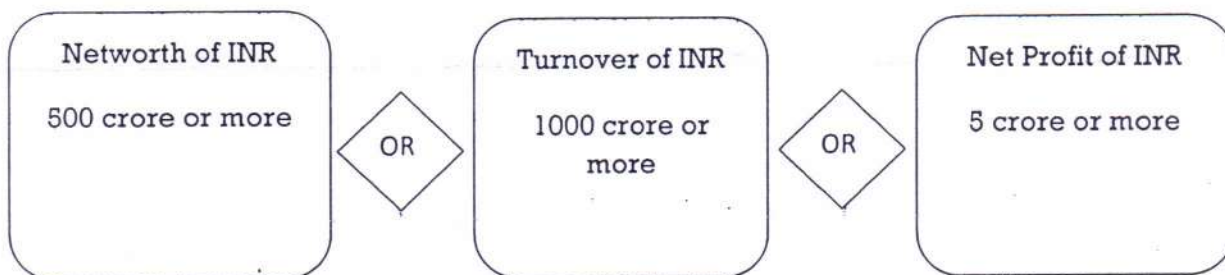
Moreover, while proposing the Corporate Social Responsibility Rules under Section 135 of the Companies Act, 2013, the Chairman of the CSR Committee mentioned the Guiding Principle as follows: *"CSR is the process by which an organization thinks about and evolves its relationships with stakeholders for the common good, and demonstrates its commitment in this regard by adoption of appropriate business processes and strategies. Thus CSR is not charity or mere donations. CSR is a way of conducting business, by which corporate entities visibly contribute to the social good. Socially responsible companies do not limit themselves to using resources to engage in activities that increase only their profits. They use CSR to integrate economic, environmental and social objectives with the company's operations and growth."*

2. APPLICABILITY

The companies on whom the provisions of the CSR shall be applicable are contained in Sub Section 1 of Section 135 of the Companies Act, 2013. As per the said section, the companies

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having Net worth of INR 500 crore or more; or Turnover of INR 1000 crore or more; or Net Profit of INR 5 crore or more during any financial year shall be required to constitute a Corporate Social Responsibility Committee of the Board "hereinafter CSR Committee" with effect from 1st April, 2014. The pictorial representation below gives the representation of Section 135 (1).



3. THE OBJECTIVES OF THE POLICY

This Policy shall be read in line with Section 135 of the Companies Act 2013, Companies (Corporate Social Responsibility Policy) Rules, 2014 and such other rules, regulations, circulars, and notifications (collectively referred hereinafter as Regulations) as may be applicable and as amended from time to time and will, inter-alia, provide for the following:

- Establishing a guideline for compliance with the provisions of Regulations to dedicate a percentage of Company's profits for social projects.
- Ensuring the implementation of CSR initiatives in letter and spirit through appropriate procedures and reporting.
- Creating opportunities for employees to participate in socially responsible initiatives.

4. DEFINITIONS.

In this Policy unless the context otherwise requires:

- (a) "Act" means the Companies Act, 2013;
- (b) "Annexure" means the Annexure appended to rules;
- (c) "Corporate Social Responsibility (CSR)" means and includes but is not limited to:
 - (i) Projects or programs relating to activities specified in Schedule VII to the Act; or
 - (ii) Projects or programs relating to activities undertaken by the board of directors of a company (Board) in pursuance of recommendations of the CSR Committee of the Board as Per declared CSR Policy of the company subject to the condition that such policy will cover subjects enumerated in Schedule VII of the Act.
- (d) "CSR Committee" means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act.
- (e) "Net profit" means the net profit of a company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely :-

(i) Any profit arising from any overseas branch or branches of the company' whether operated as a separate company or otherwise;

(ii) Any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act:

Provided that net profit in respect of a financial year for which the relevant financial statements were prepared in accordance with the provisions of the Companies Act, 1956 (1 of 1956) shall not be required to be re-calculated in accordance with the provisions of the Act:

Provided further that in case of foreign company covered under these rules, net profit means the net profit of such company as per profit and loss account prepared in terms of clause (a) of sub-section (1) of section 381 read with section 198 of the Act.

(2) Words and expressions used and not defined in these rules but defined in the Act shall have the same meanings respectively assigned to them in the Act.

5. CSR ACTIVITIES (SCHEDULE-VII OF COMPANIES ACT, 2013)

The Policy recognizes that corporate social responsibility is not merely compliance; it is a commitment to support initiatives that measurably improve the lives of underprivileged by one or more of the following focus areas as notified under Schedule-VII and Section 135 of the Companies Act 2013 and Companies (Corporate Social Responsibility Policy) Rules 2014 as follows:

- i. Eradicating hunger, poverty & malnutrition, promoting preventive health care & sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation & making available safe drinking water;
- ii. Promoting education, including special education & employment enhancing vocation skills especially among children, women, elderly & the differently unable & livelihood enhancement projects;
- iii. Promoting gender equality, empowering women, setting up homes & hostels for women & orphans, setting up old age homes, day care centres & such other facilities for senior citizens & measures for reducing inequalities faced by socially & economically backward groups;
- iv. Ensuring environmental sustainability, ecological balance, protection of flora & fauna, animal welfare, agro forestry, conservation of natural resources & maintaining quality of soil, air & 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 & culture including restoration of buildings & sites of historical importance & works of art; setting up public libraries; promotion & development of traditional arts & handicrafts;
- vi. Measures for the benefit of armed forces veterans, war widows & their dependents;
- vii. Training to promote rural sports, nationally recognized sports, sports & Olympic sports;

- viii. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or State Government for socio-economic development & relief & welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities & women;
- ix. Contributions or funds provided to technology incubators located within academic institutions, which are approved by the Central Government;
- x. Rural development projects, etc
- xi. Slum area development.

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.

- The above list is illustrative not exhaustive. All activities under the CSR activities should be environment friendly and socially acceptable to the local people and society.
- Activities undertaken in pursuance of the CSR policy must be related to Schedule VII of the Companies Act, 2013, the entries in the said Schedule VII must be interpreted liberally so as to capture the essence of the subjects enumerated in the said Schedule. The items enlisted in the amended Schedule VII of the Act, are broad-based and are intended to cover a wide range of activities.

6. SCOPE

A. Education:

- i. Support to Technical /Vocational Institutions for their self-development.
- ii. Academic education by way of financial assistance to Primary, Middle and Higher Secondary Schools.
- iii. Adult literacy amongst those belonging to BPL.
- iv. Awareness Programmes on girl education.
- v. Counselling of parents.
- vi. Special attention on education, training and rehabilitation of mentally & physically challenged children/persons.
- vii. Spreading legal awareness amongst people and disadvantageous sections of the society about their rights & remedies available.
- viii. Promotion of Professional Education by setting up educational Institutions offering courses in Engg, Nursing, Management, Medicine and other Technical subjects.
- ix. Provide fees for a period of one year or more to the poor and meritorious, preferably girl students of the school in the operational area of the Company to enable them to get uninterrupted education.
- x. Educating the masses and promotion of Road Safety Awareness in all facets of Road uses.
- xi. Safety Traffic Engineering and awareness through print, audio and visual media.

B. Water Supply including Drinking Water:

- i) Installation/Repair of Hand Pumps/Tube Wells.
- ii) Digging/Renovation of Wells.
- iii) Gainful utilization of waste water from under -ground mines for cultivation or any other purpose.
- iv) Development/construction of Water Tank/Ponds.
- v) Rain water-harvesting scheme.
- vi) Formation of a task force of volunteers to educate people regarding proper use of drinking water.
- vii) Empowerment to the villagers for maintenance of the above facilities for availability of water.

C. Health Care, Organizing Health Awareness Camps on:

- i) AIDS, TB and Leprosy.
- ii) Social evils like alcohol, smoking, drug abuse etc.
- iii) Child and Mother care.
- iv) Diet and Nutrition.
- v) Blood donation camps.
- vi) Diabetics detection & Hypertension Camps.
- vii) Family Welfare.
- viii) Senior Citizen Health Care Wellness Clinics.
- ix) Fully equipped Mobile Medical Vans.
- x) To supplement the different programme of Local/State Authorities along with De addiction centres.
- xi) Provision for aids and appliances to the differently able persons.

D. Environment:

- i) Environment Management and Pollution Control.
- ii) Green Belt Development.
- iii) A forestation, Social Forestry, Check Dams, Park.
- iv) Restoration of mined out lands.
- v) Development of jobs related to agro product i.e., Dairy/Poultry/farming and others.
- vi) Plantation of saplings producing fruit.
- vii) Animal care etc.

E. Social Empowerment:

- i) Self /Gainful Employment Opportunities – Training of Rural Youth for Self Employment (TRYSEM) on Welding, Fabrication, and other Electronic appliances.
- ii) To provide assistance to villagers having small patch of land to develop mushroom

farming, medicinal plants, farming & other cash crops to make them economically dependent on their available land resources.

- iii) Training may be provided by agricultural experts for above farming.
- iv) Organizing training programmes for women on tailoring, embroidery, designs, Home Foods/Fast Foods, Pickles, Painting and Interior Decoration and other Vocational Courses.
- v) Care for senior citizens.
- vi) Adoption/construction of Hostels (specially those for SC/ST & girls)
- vii) Village Electricity/Solar Light.
- viii) Pawan Chakki as alternative for providing electricity in villages, etc.

F. Sports and Culture:

- i) Promotion of Sports and Cultural Activities for participation in State and National level.
- ii) Promotion/Development of sports activities in nearby villages by conducting Tournaments like Football, Kabaddi, Khokho, Cricket etc.
- iii) Providing sports materials for Cricket, Football, Volleyball, Hockey or other games to the young and talented ones.
- iv) Promotion of state level teams.
- v) Sponsorship of State Sports events in Bihar.
- vi) Sponsorship of Cultural event to restore Indian Cultural Traditions and Values.
- vii) Possibility of providing facilities for physically handicapped persons may be explored.
- viii) Medias for preparing of documentary films.
- ix) Guide-lines to be followed to promote sports activities by way of granting financial assistance/donation/sponsorship etc.
- x) Registered Clubs/Institutions which promote Sports activities may be granted financial assistance/donations/sponsorship based on the following norms:-
 - 1) Sports talent development programme by Clubs/Institutions may be encouraged provided the proposal is routed through the respective Government Authorities/Block Development Office/Sub-Divisional Office/District Office/State Associations/ local people representatives i.e. Panchayat , Pradhan/Mukhiya/MLA/MP/ Minister etc., to ascertain bonafide objective, status of activities and contribution to the society.
 - 2) Helping State Government in promotion of sports by providing them proper training facilities, grounds, construction of fields, etc.
 - 3) While sanctioning financial assistance/donation/sponsorship for State/ National/International events, Company could send its representatives to ensure proper utilization of fund for the specific purpose, as well as, to ensure publicity/coverage for corporate image building.
 - 4) As per the Government policy for payment of financial assistance/donation/ sponsorship Registered Clubs/Institution will furnish details as required by

Company. i.e. their Registration, PAN No. etc. to establish their authenticity.

xi) Generate self-employment.

xii) Infrastructure Support – construction, repair, extension etc. of:-

- i. Auditorium
 - ii. Educational Institutions
 - iii. Rural Dispensaries initiated by reputed NGOs
 - iv. Mobile Crèches
 - v. Bridges, Culverts & Roads
 - vi. Check Dam
 - vii. Shopping Complex to facilitate business/self employment for local people
 - viii. Community Centre
 - ix. Sulabh Souchalaya
 - x. Yatri Shed in Bus Stand
 - xi. Burning Ghat/Crematorium
 - xii. Development of Park
 - xiii. Play ground/Sports complex/Good Coaches
 - xiv. Old Age Home
- Amount spent in disaster relief will also qualify for CSR. Disaster relief can cover wide range of activities that can be appropriately shown under various items listed in Schedule VII. For example:
 - (i) Medical aid can be covered under 'promoting health care including preventive health care'.
 - (ii) Food supply can be covered under eradicating^g hunger, poverty and malnutrition.
 - (iii) Supply of clean water can be covered under 'sanitation and making available safe drinking water' etc.

7. ACTIVITIES NOT QUALIFY AS CSR

- i) The CSR projects or programs or activities that benefit only the employees of the company and their families.
- ii) One-off events such as marathons/ awards/ charitable contribution/ advertisement/ sponsorships of TV programmes etc.
- iii) Expenses incurred by companies for the fulfillment of any other Act/ Statute or regulations (such as Labour Laws, Land Acquisition Act, 2013, Apprentice Act, 1961 etc.).
- iv) Contribution of any amount directly or indirectly to any political party.
- v) Activities undertaken by the company in pursuance of its normal course of business.
- vi) The project or programmes or activities undertaken outside India.

8. THE GEOGRAPHIC REACH

The Act provides that the Company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility. Hence, prima facie, the location of CSR Activities shall be the State of Bihar. Other locations for CSR endeavours shall be decided by the CSR Committee.

9. GOVERNANCE

1. The Company would spend not less than 2% of the average Net Profits of the Company made during the three immediately preceding financial years. The surplus arising out of the CSR activity will not be part of business profits of the Company. The Corpus would thus include the 2% of average net profits, as aforesaid, any income arising there from and surplus arising out of CSR activities.
2. The Company may build CSR capacities of its personnel and/or those of its implementing agencies through Institutions with established track records of at least three financial years but such expenditure shall not exceed five percent of total CSR expenditure of the Company in one financial year.
3. However if the Company ceases to be covered under sub-section (1) of Section 135 of the Act for three financial years, then it shall not be required to, comply with the provisions laid down under sub-section (2) to (5) of the said section, till such time it meets the criteria specified in sub-section (1) of the Act.

10. UNDERTAKING CSR ACTIVITIES

The Company will undertake its CSR Activities duly approved by the Board of Directors of the company which should be routed through the CSR Committee with its recommendation.

11. CSR COMMITTEE

The composition of the CSR Committee shall be in conformity with the Resolution No. 54-02 dated 29.10.2016 of the company, consisting of following members or their successors:

1. Shri R. Lakshmanan, Managing Director, BSPTCL;
2. Shri Bhaskar Sharma, Director (Project), BSPTCL; and
3. Smt. Renuka Kushwaha, Independent Woman Director, BSPTCL.

12. RESPONSIBILITY OF THE CSR COMMITTEE

The responsibility of the CSR Committee includes:

- (1) Formulation and recommendation to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule-VII of the Act.

- (2) Recommending the amount of expenditure to be incurred on the activities referred to in clause-1.
- (3) Monitor the Corporate Social Responsibility Policy of the company from time to time.
- (4) Review and monitor the activities as are included in the Corporate Social Responsibility Policy of the company;
- (5) Any other matter as may be referred to it by the Board of Directors of the company from time to time.

13. ADMINISTRATION OF CSR PROJECTS

The company shall meet its CSR obligations by funnelling its activities on its own or through a third party, such as a society, trust, foundation or Section 8 company (i.e., a company with charitable purposes) that has an established record of at least five years in CSR- activities.

14. IMPLEMENTATION:

- a) The investment in CSR should be project based and for every project time framed periodic mile stones should be finalized at the outset. CSR activities should be undertaken in project/ programme mode [as referred in Rule 4 (1) of Companies CSR Rules, 2014]. One-off events such as marathons/ awards/ charitable contribution/ advertisement/ sponsorships of TV programmes etc. would not be qualified as part of CSR expenditure.
- b) Expenses incurred by companies for the fulfilment of any Act/ Statute of regulations (such as Labour Laws, Land Acquisition Act. Etc.) would not count as CSR expenditure under the Companies Act.
- c) Salaries paid by the companies to regular CSR staff as well as to volunteers of the companies (in proportion to company's time/ hours spent specifically on CSR) can be factored into CSR Project-cost as part of the CSR expenditure.
- d) Project activities identified will be implemented by the company itself or it may be implemented by Specialized Agencies. Specialized Agencies could be made to work singly or in tandem with other agencies.
- e) Such specialized agencies would include:
 - i) Community based organization whether formal or informal.
 - ii) Elected local bodies such as Panchayats.
 - iii) Voluntary Agencies (NGOs).
 - iv) Institutes/Academic Organizations.
 - v) Trusts, Mission etc.
 - vi) Self-help groups.
 - vii) Government, Semi Government and autonomous Organizations.
 - viii) Standing Conference of Public Enterprises (SCOPE)
 - ix) Mahila Mondals/Samitis and the like Contracted agencies.

- Contribution to Corpus of a Trust/ Society/ Section 8 companies etc. will qualify as CSR expenditure as long as (a) the Trust/ society/ section 8 companies etc. is created exclusively for undertaking CSR activities or (b) where the corpus is created exclusively for a purpose directly relatable to a subject covered in Schedule VII of the Act.

15. FUNDING

1. As per the regulations, the company will set aside for annual CSR activities, an amount equal to 2% of the average net profits of the Company made during the three immediately preceding financial years. Any unutilized CSR allocation fund of a particular year, will be carried forward to the next financial year i.e. the CSR budget will be non lapsable in nature.
2. The tax treatment of CSR spent will be in accordance with the Income Tax Act, 1961 as may be notified by the central board of direct taxes.

16. BUDGET

- The Company Board of Directors shall ensure that in each financial year the Company spends at least 2% of the average Net Profit made during the three immediate preceding financial years.

Net profit means the net profit as per the financial statement of the company prepared in accordance with the applicable provisions of the Act, but shall not include the following:

- (i) Any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise, and
 - (ii) Any dividend received from other companies in India which are covered under and complying with the provisions of section 135 of the Act.
- As per section 135 of the Companies Act, the Company will report reasons for under spending of the allocated CSR budget of the current financial year in the template provided by the Ministry of Corporate Affairs. This reporting will be done in the Annual Report duly signed as per provisions of Companies Act, 2013.
 - In case of any surplus arising out of CSR projects the same shall not form part of business profits of the Company.
 - The Company may collaborate or pool resources with other companies to undertake CSR activities, through any non-profit organization, if required.

17. AMENDMENTS TO THE POLICY

The Board of Directors on the recommendation of CSR committee or *suo-moto* can amend any or all provisions of this policy as and when required. If any difficulty arises in giving effect to the provisions of this policy the Board of Directors shall make such provisions through amendment in this policy as may appear necessary or expedient for removing the difficulty.

18. FUNDING GOVERNMENT SCHEME

The objective of CSR provision is indeed to involve the corporate in discharging their social responsibility with their innovative ideas and management skills and with greater efficiency and better outcomes. Therefore, CSR should not be interpreted as a source of financing the resource gaps in Government Scheme. Use of corporate innovations and management skills in the delivery of 'public goods' is at the core of CSR implementation by the companies. In principle, CSR fund of companies should not be used as a source of funding Government Schemes. CSR projects should have a larger multiplier effect than that under the Government schemes.

However, under CSR provision of the Act and rules made hereunder, the Board of the company is competent to take decision on supplementing any Government Scheme provided the scheme permits corporate participation and all provisions of Section 135 of the Act and rules hereunder are complied by the company.

19. DISPLAY ON WEBSITE

As per section 135 (4) the Board of Directors of the company shall, after taking into account the recommendations of CSR Committee, approve the CSR Policy for the company and disclose contents of such policy in its report and the same shall be displayed on the company's website, if any (refer Rule 8 & 9 of CSR Policy, Rules 2014).

20. SAVINGS

Notwithstanding anything to the contrary contained herein, the provisions of Companies Act, 2013, Rules, Regulations made in this regard as well as any Circular, Clarification, Notification etc. issued by the Central Government in this regard, shall have overriding effect over the provisions of this policy.
