



**PAWAN HANS LIMITED**  
(A Government of India Enterprise)

## **PHL CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABILITY POLICY**

Aligned with Section 135 and other applicable provisions of Companies Act, 2013, and The Companies (Corporate Social Responsibility Policy) Rules, 2014, vide Notification dated 27<sup>th</sup> February, 2014 of Ministry of Corporate Affairs including subsequent amendments clarifications issued till 24th October 2014, and Guidelines on Corporate Social Responsibility and Sustainability for Central Public Sector Enterprises issued by Department of Public Enterprises, Ministry of Heavy Industries & Public Enterprises notified vide OM No. F.No. (13) 2013-DPE (GM) dated 21<sup>st</sup> October, 2014.

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## Chapter I

### INTRODUCTION

#### 1.1 Preamble

Ministry of Corporate Affairs (MCA), in exercise of its powers under sub-section (3) of Section 1 of the Companies Act, 2013 ('the Act') and vide Notifications dated 27<sup>th</sup> February, 2014, has appointed 1<sup>st</sup> April, 2014 as the date, on which Section 135 and Schedule VII of the Act shall come into force. Further, MCA vide Notification dated 27.2.2014, has notified Companies (Corporate Social Responsibility Policy) Rules, 2014 ('the Rules'), to be effective from 1<sup>st</sup> April, 2014. In line with Rule 3 (1) of the Rules, Pawan Hans Limited ('the Company'), shall comply with the provisions of Section 135 of the Act and the Rules. Further, MCA had also notified amendments & clarifications vide General Circular No. 21/2014 dated 18<sup>th</sup> June, 2014 and Notification dated 6<sup>th</sup> August 2014 & 24<sup>th</sup> October, 2014. In addition to the above, Ministry of Heavy Industries & Public Enterprises vide DPE OM No. F.No. (13) 2013-DPE (GM) dated 21st October, 2014 had circulated guidelines for CPSEs for CSR and Sustainability.

In line with the above, the existing PHL Policy on Corporate Social Responsibility and Sustainability, is being aligned to the Guidelines on Corporate Social Responsibility and Sustainability for Central Public Sector Enterprises issued by DPE ('DPE Guidelines') issued vide OM dated 21<sup>st</sup> October, 2014 as also with the Companies Act, 2013 and the Rules there under, as amended from time to time.

This document may be read with the provisions of Companies Act, 2013 and Rules there under, together with any subsequent amendments thereof which may be notified by MCA from time to time.

#### 1.2 CSR Policy Statement

CSR is the process by which an organization thinks about and evolves its relationship with stakeholders for the common good, and demonstrate their commitment in this regard by adoption of sustainable business processes and strategies. PHL, being a responsible corporate citizen, continues to focus on social value creation. The Mission of PHL reads as follows:

**"To become a market leader in Asia in helicopter operation and provide repair/overhaul services of helicopter components/ assemblies at par with international standards."**

**1.3 CSR & Sustainability Vision & Mission Statement:** In line with the corporate mission, the Corporate Social Responsibility (CSR) & Sustainability Vision & Mission Statement is envisaged as below:



## **CSR & Sustainability Vision & Mission:**

"To fund and support Corporate Social Responsibility projects with Sustainability as a guiding principle giving priority to issues of foremost concern as in the national development agenda like safe drinking water for all, provision of toilets, health, sanitation, education, etc., and to reach a wide spectrum of beneficiaries with a view to empower economically and socially backward communities, old age persons, differently abled, children, youth, etc., by contributing in rural development, environmental protection, conservation of water and natural resources, slum development, cleanliness and sanitation, creation of livelihood, eradication of hunger/poverty, skill development, etc.,".

### **2. Sustainability:**

In the context of 'Sustainability', the Company recognizes the importance of adopting an enduring and balanced approach to economic activity, social progress and environmental responsibility and accordingly commits itself to conduct its business operations with minimal impact on the environment and natural resources. For this purpose, the Company may undertake projects and/ or make investments in activities which mitigate the environmental impact of its business operations.

- 2.1 Towards ensuring 'Sustainability' the Company would commit itself to building a sustainable enterprise for the benefit of present and future generation of stakeholders and shall endeavour to integrate responsible practices into its business strategies and operations.
- 2.2 PHL shall act in a socially, economically and environmentally sustainable manner at all times. In normal business activities also PHL shall try to promote sustainable development through sustainability initiatives by conducting business in a manner that is beneficial to both, business and society.
- 2.3 PHL shall not lose sight of social and environmental responsibility and commitment to sustainable development even in activities undertaken in pursuance of their normal course of business. National and global sustainability standards which promote ethical practices, transparency and accountability in business may be referred to as guiding frameworks to plan, implement, monitor and report sustainability initiatives.
- 2.4 As a part of the sustainability initiatives, PHL shall make efforts to give importance to environmental sustainability even in normal mainstream activities by ensuring that internal operations and processes promote renewable sources of energy, reduce / re-use /recycle waste material, replenish ground water supply, protect / conserve / restore the ecosystem, reduce carbon emissions and help in greening the supply chain.
- 2.5 PHL shall behave in a responsible manner by producing goods and services which are safe and healthy for the consumers and the environment, resources efficient, consumer friendly, and environmentally sustainable throughout their life cycles i.e. from the stage of raw material extraction to production, use / consumption, and final disposal.



- 2.6 The amount spent on sustainability initiatives in the pursuit of sustainable development while conducting normal business activities would not constitute a part of the CSR spend from 2% of profits as stipulated in the Act and the CSR rules. Nevertheless, PHL may consider to take up such sustainability initiatives from their normal budgetary expenditure as it would demonstrate the commitment to sustainable development.
- 2.7 Sustainability initiatives would also include steps taken to promote welfare of employees, especially women, physically challenged, SC / ST/ OBC categories, by addressing their concerns of safety, security, professional enrichment and healthy working conditions beyond what is mandated by law. However, expenditure on such sustainability initiatives would not qualify as CSR spend.
- 2.8 While selecting CSR activities / projects from the activities listed in Schedule VII of the Act, PHL shall give priority to the issues which are of foremost concern in the national development agenda. The main focus of CSR and Sustainability policy of PHL shall be on sustainable development and inclusive growth, and to address the basic needs of the deprived, under privileged, neglected and weaker sections of the society which comprise of SC, ST, OBC, minorities, BPL families, old and aged, women / girl child, physically challenged, etc.

### **3. Local Area Concept:**

PHL while taking on CSR projects/programs shall endeavor to align CSR & Sustainability Policy with the company's core business of operations and maintenance of helicopters along with its ongoing endeavor to diversify its business activities such as MRO business, development and establishment of Heliport/Helipads etc. The Company is having its Corporate Office(Noida), Regional Offices at New Delhi, Mumbai (Western Region) and Guwahati (Eastern Region) along with corresponding Bases (long term/temporary by virtue of contracts/MOUs) spread almost all over the India. A conscious effort shall be made to carry out the CSR projects/programs in/around established offices / bases. Also an equitable/rational contribution of funds shall be made to geographically locations at Western, Northern and Eastern Regions of the company. In addition, an emphasis shall be laid on backward areas, people under Below Poverty Line.

## **Chapter-II**

### **APPROACH**

The approach of the Company towards Corporate Social Responsibility and Sustainability would be as under:

- a) PHL shall strive to fully exploit their core competence and mobilize their resource capabilities in the implementation of CSR activities / projects, as also to align CSR and Sustainability policy with their business policies and strategies to the extent possible, and shall select such CSR activities / projects which can be better monitored through in-house expertise.
- b) The Company may build CSR capacities of their own personnel as well as those of their implementing agencies through institutions with established track record of at least three financial years but such expenditure, including expenditure on administrative overheads shall not exceed five percent of total CSR expenditure of the company in one financial year.
- c) The philosophy and spirit of CSR and Sustainability shall be endeavored to be understood and imbibed by the employees at all levels and get embedded in the core values of the company.
- d) PHL shall endeavor to extend the reach and oversight to the entire supply chain network to ensure that as far as possible suppliers, vendors, service providers, clients, and partners are also committed to the same principles and standards of Corporate Social Responsibility and Sustainability as the company itself. PHL shall also endeavor to initiate and implement measures aimed at greening the supply chain.
- e) To address social, economic and environmental concerns, and in the selection of activities, the focus would be on the social, economic and environmental impact thereof, rather than mere output or outcomes. Activities which are ad-hoc and philanthropic in nature would be avoided.
- f) To identify and formulate projects in response to felt societal needs in diverse areas and to implement them with full involvement and commitment in a time bound manner.
- g) The Company would strive to owe responsibilities with respect to corporate performance measured in terms of economic, social and environmental impact called Triple Bottom line.
- h) The Company, with a view to maximizing the shareholders' wealth, would adopt appropriate business processes and strategies which enable the creation and



distribution of wealth for the betterment of its both external as well as internal stakeholders through the implementation and integration of ethical systems and sustainable management practices.

- i) The Company would make sustained efforts to put balanced emphasis on all aspects of CSR and Sustainability equally with regard to their internal operations, activities and processes, as well as in their response to externalities.
- j) The Company would strive to undertake one or more major project(s) in chosen focus area(s) for development of one or more backward district(s), thus contributing in the long run to socio-economic growth in the backward regions of the country.
- k) This Policy would also focus on capacity building, empowerment of communities, inclusive socio-economic growth, environment protection, promotion of green and energy efficient technologies, development of backward regions in the given chosen focus areas and up-liftment of the marginalized and under privileged sections of society.
- l) The Company would focus on collaboration and partnership in cases where other agencies/organizations are involved, and will act as an agency to ensure delivery of services satisfying strongly felt social and community needs. The Company may also provide financial assistance in the form of contribution/grant-in-aid assistance, interest free loans, corpus fund support and soft loan support, financial contribution etc., wherever considered required in order to meet its given objectives.

## **Chapter III**

### **BROAD ACTIVITIES UNDER CORPORATE SOCIAL RESPONSIBILITY**

(As per Schedule VII of Companies Act, 2013)

- 3.1 The Company would endeavor to adopt an integrated approach to address the community, societal & environmental concerns by taking up a range of the following activities, which shall be taken up strategically, in project mode, in a focused manner to the extent possible.
- 3.2 Although the Company may select CSR projects from a vast range of available options, priority would be accorded to activities pertaining to inclusive growth of society, with special attention to the development of weaker sections of society and the backward districts of the country in the given chosen/focus area(s) and environment sustainability.
- 3.3 The initiatives under CSR category would focus on capacity building, skill development and infrastructural development generally for the benefit of the marginalized and under privileged sections of the local communities and also in the select backward regions so that avenues are created for their employment and income generation, and they also experience empowerment and inclusion in the economic mainstream.
- 3.4 The backward districts are those which have been identified by the Planning Commission, Government of India for its Backward Region Grant Fund (BRGF) Scheme.
- 3.5 Weaker sections would include SC, ST, OBC, minorities, women and children, BPL families, old and aged, physically challenged, etc.
- 3.6 "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 the Company ("the Board") in pursuance of recommendations of CSR Committee of the Board as per declared CSR Policy of the company.

In line with the above, the Company shall ensure carrying out CSR projects / programs in line with activities prescribed under Schedule VII of the said Act, namely:-

- i) Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation, including contribution to the Swachh 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 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, agro forestry, conservation of natural resources and 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 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 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 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, 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.
- xii) Any other activity permitted under any Act/Guidelines issued by Ministry of Corporate Affairs / Department of Public Enterprises, Government of India / any other statutory authority, as may be amended from time to time.

Interpretation of activities prescribed under Schedule VII of the said Act:

- i) While activities under taken must be relatable to Schedule VII of the Companies Act 2013, the entries in the Schedule VII must be interpreted liberally so as to capture the essence of the subjects enumerated in the said Schedule;
- ii) CSR activities should be undertaken by the companies in project/programme mode. One-off events such as marathons/awards/ charitable contribution/ advertisement/ sponsorship of TV programmes etc. would not be qualified as part of CSR expenditure;

- iii) Contribution to Corpus of a Trust/Society/Section 8 Companies etc. will qualify as CSR expenditure.

Provided further that the following will not be included in CSR activities:

- i) Activities undertaken in pursuance of normal course of business of the Company.
- ii) Activities that benefit only the employees of the company and their families.
- iii) Activities undertaken outside India.
- iv) Contribution of any amount, directly or indirectly, to any political party under Section 182 of the Act

**Prohibited Activities under CSR**

3.7 The Company will abstain from carrying out following activities under CSR:

- i) Activities concerned with religion like construction of temple/mosque etc.
- ii) Activities disturbing social harmony in any manner.



## Chapter IV

### CSR PLANNING & INSTITUTIONAL SET-UP UNDER CSR

#### 4.1 CSR Planning

- 4.1.1 The Company would endeavor to integrate its CSR agenda with the business plan of the Company. Long-term CSR plans, as and when formulated, would be broken into medium-term and short-term plans.
- 4.1.2 Each plan would broadly specify the CSR activities to be undertaken for each year, and also prescribe the measurable and the expected outcome and social and environmental impact of such activities.
- 4.1.3 The Company shall take up CSR projects in any chosen/focus area(s) at any location(s) of its choice within the country, selecting one or more major project for development of a backward area/district (BRGF) from the budget and other resources at its disposal for such a project, thus contributing in the long run to socio-economic growth in the backward regions of the country.
- 4.1.4 The plan/programme may be identified and formulated broadly based on need assessment survey for identifying the specific areas of concern. Based on the survey, a detailed plan will be charted out, listing the need for the specific programmes, time frame for implementation and budget. If felt necessary assistance and guidance of specialized agencies/NGO's operating in these areas will be taken to help identify and implement projects.
- 4.1.5 The Company may prepare an annual plan for each year within the budgetary provisions, which will be placed before the BoD, PHL, for approval, as the case may be.
- 4.1.6 The target beneficiaries, the local authorities, professionals and institutions etc. involved in similar activities if need be, may be consulted/ associated in the process of planning and implementation of the CSR programmes.
- 4.1.7 The focus of delivering services /benefits will be in line with the activities mentioned in this document and as per programs, projects and schemes approved.
- 4.1.8 A total annual budget allocation for CSR, as prescribed in the Companies Act, 2013 and as approved by the Board (on recommendation of CSR Committee) shall be earmarked every year for implementation of CSR programmes.
- 4.1.9 The un-utilized amount if any, will not lapse, if not spent that year and will be carried over to the next year which may accumulate for expenditure on CSR activities, which were planned for implementation in the previous year, but could not be completed due to some reason.
- 4.1.10 The Company shall endeavor to spend the unutilized / budget of any year within the next two financial years. In case the Company is unable to spend the unutilized budget within the next two financial years, the unspent amount would be utilized/allocated as per extant guidelines/Rules on the subject.

4.1.11 Any expenditure incurred by an assessee on the activities relating to corporate social responsibility referred to in section 135 of the Companies Act, 2003 shall not be deemed to be an expenditure incurred by the assessee for the purposes of the business or profession.

## 4.2 Financial Component

4.2.1 In line with Section 135 of the Companies Act, 2013, at least 2 % of the average net profits of the Company during the three immediately preceding financial years shall be spent on Corporate Social Responsibility. If the Company fails to spend such amount, the Board shall, in its report under Section 134(3) specify reasons for not spending the amount.

**"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; 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:

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 to 1956) shall not be required to be re-calculated in accordance with the provisions of the Act.

*Explanation: Average net profit shall be calculated in accordance with the provisions of Section 198 of the Act.*

4.2.2 CSR expenditure shall include all expenditure including contribution to corpus for projects or programs relating to CSR activities approved by the Board on the recommendations of its CSR Committee, but does 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.

Provided that surplus arising out of CSR projects or programs or activities shall not form part of the business profit of PHL.



### 4.3 Institutional set up

In line with the Companies Act, 2013, the institutional set up shall be as follows:

- 4.3.1 A Corporate Social Responsibility Committee of the Board ('the CSR Committee') shall be constituted consisting of three or more Directors, out of which atleast one Director shall be an Independent Director, who would also be the Chairperson of the Committee.
- 4.3.2 **Communication Strategy:** As part of communication strategy the corporation shall strive for a regular dialogue and consultation with key stakeholders to ascertain their views and suggestions regarding the CSR activities and sustainability initiatives undertaken by the company. For this purpose, PHL shall provide for a format as attached at Appendix I on the CSR tab of PHL website which could be used by any of the interested stake holders to make suggestions or to express views on the CSR and sustainability aspects of the Corporation. However, the ultimate decision in the selection and implementation of CSR activities would be that of the Board of the PHL.

#### **Role & Responsibilities of the Corporate Social Responsibility Committee:**

- Formulation & 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
  - Monitor CSR policy of the Company from time to time
  - Recommendation of the amount of expenditure to be allocated for activities as per Schedule VII
  - Recommend/review of CSR projects / programs / proposals, falling within the purview of Schedule VII of the Act.
  - Institute a transparent monitoring mechanism for implementation of the CSR projects / programs / activities undertaken by the company
  
  - Assist the Board of Directors to formulate strategies on CSR initiatives of the Company.
  - approve the content of annual report on CSR activities as per proforma given in the Rules, inter-alia covering responsibility statement that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company;
  - Chairman CSR Committee will sign the annual report on CSR activities to be included in the Board's Report;
  - Periodically submit the reports to the Board of Directors for their information, consideration and necessary directions; and
  - Comply with the other requirements on Corporate Social Responsibility and Sustainability as amended from time to time.
- 4.3.3 The ultimate discretion in the selection and implementation of CSR activities is that of the Board of Directors of PHL who take the decision in the best interest of the

Company, keeping in view the organizational capability, resource capacity and core competence of the enterprise.

**Role & Responsibilities of the Board:**

- To ensure formation of the Corporate Social Responsibility Committee of the Board.
- To approve CSR Policy for the Company, after taking into account recommendations made by CSR Committee of the Board, and disclose the contents of such policy in its report.
- To ensure that activities in its CSR policy are related to activities included in Schedule VII,
- To ensure spending of at least 2% of average net profits of the company made during three immediately preceding financial years. If the company fails to spend such amount, the Board shall, in its report, specify the reasons for not spending the amount.
- To ensure reporting of the composition of the Corporate Social Responsibility Committee of the Board in the Board's Report, in terms of Section 134(3) of the Act.
- To ensure placing of the CSR policy on the company's website, in such manner as may be prescribed.

4.3.4 An officer not less than one rank lower to the Board level shall be nominated to function as the nodal officer for CSR. The designated nodal shall have a team of officials to assist him / her in co-ordination work. The designated nodal officer will regularly submit reports regarding the progress in the implementation of CSR activities to the Corporate Social Responsibility Committee of the Board.

4.3.5 While Corporate Social Responsibility Committee of the Board and the Designated Nodal Officer's team of officers shall keep an oversight on the whole activities, a two-tier organizational structure to steer the CSR projects of the Corporation shall be deployed for screening and recommendation of CSR project proposals:

- a) 1<sup>st</sup> Level (Junior) Committee of officials of AGM/DGM/JGM level for screening and recommending various CSR project proposals, as the case may be, received from time to time, and,
- b) 2<sup>nd</sup> Level (Senior) Committee of GM/ED level headed by an official of the rank not less than one level below the Board level, for recommending sanction of financial assistance under CSR, subject to financial concurrence, for approval of Corporate Social Responsibility Committee of the Board.

**4.4 Mechanism of carrying out CSR activities**

4.4.1 The CSR activities shall be undertaken by the Company, as per its stated CSR Policy, as projects or programs or activities (either new or ongoing), excluding activities undertaken in pursuance of its normal course of business.



4.4.2 The Board of a company may decide to undertake its CSR activities approved by the Corporate Social Responsibility Committee of the Board, through a registered trust or a registered society or a company established by the Company or its holding or subsidiary or associate company established under Section 8 of the Act, or otherwise:

Provided that –

- (i) If the trust, society or a company is not established by the company or its holding or subsidiary or associate company, it shall have an established track record of three years in undertaking similar programs or projects;
- (ii) The company has specified the project or programs to be undertaken through these entities, the modalities of utilization of funds on such projects or programs and the monitoring and reporting mechanism.

In line with the above, the Company may give preference to such registered trusts or registered societies, which are empanelled with Indian Institute of Corporate Affairs (IICA)/The Tata Institute of Social Sciences (TISS)/ government departments and those registered trusts or registered societies which have past work experience with Government/Semi Government /PSUs/autonomous bodies, in line with their focus area of operations. The Company may also carry out CSR activities approved by the Corporate Social Responsibility Committee of the Board through other PSUs/ Government bodies.

4.4.3 The Company may collaborate with other PSUs/Section 8 Companies for undertaking projects or programs or CSR activities in such a manner that the CSR Committee of respective companies are in a position to report separately on such projects or programs in accordance with these rules.

4.4.4 Officials of the CSR Division of the Company would be exposed to seminars/workshops/consultative meetings on CSR. Further, training programmes would also be got conducted for employees of the Company, as may be required, for generating awareness about CSR.

4.4.5 The Board of Directors may authorize CMD, PHL, to approve, in principle, the proposals for funding under this CSR Policy, formulate new schemes / modify existing schemes wherever required; take decision on the budget broad categories, and to take any action required in order to implement the Company's CSR initiatives. The details of such proposals be submitted to Corporate Social Responsibility Committee of the Board and to the Board, for their review/ratification/approval from time to time.

4.4.6 Generally all activities under the Corporate Social Responsibility function shall be carried out by the Company with the support of other agencies, and the funds may be released by the Company to the concerned agencies. In select cases, Corporate Social Responsibility activities may be carried out by the PHL Foundation, if created or its establishment, in future.

4.4.7 Eligible registered trusts/societies/other specialized agencies desirous of seeking funding from CSR for specific projects may submit their detailed proposals addressed to CMD, PHL, along with details of their credentials (legal status with supporting documents, financials, past track record for similar works undertaken, association with other PSUs/Government bodies, etc. if any) and of the project (project objectives, details of proposed activity along with applicable regulatory approvals / NOC, project location, number of expected beneficiaries, need for the project activity in the proposed location, detailed costing, procurement methodology, sustainability plan, implementation mechanism, timeline, milestones based cash-flow requirement, expected outcomes and impacts, visibility to PHL, parameters to be captured for baseline reporting / periodic progress reporting / outcome reporting, proposed MIS reporting format / frequency). Projects would be taken up for funding by the Company, subject to compliance of PHL CSR Policy, availability of budget, especially for the project head, due diligence of the agency, financial and technical appraisal, fund requirement of on-going projects etc.



## Chapter V

### CSR MONITORING, IMPLEMENTATION & IMPACT ASSESSMENT

#### 5.1 Base line survey & Documentation

- 5.1.1 Before taking up a CSR project, baseline survey/need assessment study may be carried out by the Company. The Company shall have the flexibility to opt for other methods, including use of its own in-house expertise and resources for need assessment studies.
- 5.1.2 The Company may get baseline survey done through their own resources, or through some specialized agency, or having accessed reliable data from recognized authoritative secondary sources to assess the needs of the intended beneficiaries for a realistic assessment of the resource inputs required for the expected level of social / economic / environmental impact through the implementation.
- 5.1.3 Documentation relating to CSR initiatives shall be put in public domain viz. the Company's annual report.

#### 5.2 Monitoring

In terms of the Rules under Companies Act, 2013, the Corporate Social Responsibility Committee of the Board shall institute a transparent monitoring mechanism for implementation of the CSR projects or activities undertaken by the company.

As most of the CSR initiatives are taken up by the Company in the chosen areas/locations in Project mode, in association with select specialized agencies and the disbursements of CSR funds for implementing the projects are linked to achievement of prescribed milestones, there is critical need for implementation progress/ monitoring of project from time to time, so as to ensure achievement of project objectives in line with disbursement of grant funds. Monitoring is also essential to assess if the progress is on expected lines in terms of timelines, budgetary expenditure and achievement of physical targets. Monitoring should be done periodically with the help of identified key performance indicators; the periodicity being determined largely by the nature of performance indicators.

The Company shall carry out implementation / monitoring of the CSR Projects in line with Implementation Progress/Monitoring Guidelines for CSR Projects, as noted and approved by the Board.

### **5.3 Implementation, Monitoring & Impact Assessment mechanism**

While identifying the initiatives under this Policy, the Company would consider the following broad parameters in identification / selection of schemes/projects:

- 5.3.1 While implementing the identified projects, time frames and milestones may be predefined.
- 5.3.2 The CSR projects may be based on fundamentals of sustainable development.
- 5.3.3 Proper screening, checks and balances shall be ensured while sanctioning the CSR proposals. As far as possible CSR proposals shall undergo screening by Committees at different levels which may be constituted by the competent authority.
- 5.3.4 To the extent possible, PHL may get a baseline/ need assessment survey done prior to the selection of any CSR activity. Similarly, PHL may get an impact assessment study done by external agencies of the CSR activities / projects undertaken by them. Impact assessment is mandatory for big projects, the threshold value of which shall be overall implementation cost of Rs.100 lakhs on the CSR funding done by PHL in project mode. However, the expenditure incurred on baseline survey and impact assessment study should be within the overall limit of 5% of administrative overheads of CSR spend as provided for under the CSR Rules.
- 5.3.5 CSR activities identified for external stakeholders shall be implemented in a project mode, which shall entail charting the stages of execution in advance through planned processes, with mobilization of pre-estimated quantum of resources, and within the allocated budgets and prescribed timelines. It shall also involve assigning clear responsibility and accountability of the designated officials / external specialized agencies which are entrusted with the task of implementation.
- 5.3.6 The Company may take up the implementation of CSR activity with its manpower and resources or may engage external specialized agency to execute such projects and monitoring may be done by internal manpower and/or by external agency.
- 5.3.7 The Company may join hands and pool their resources for undertaking projects jointly with other CPSEs / Government agencies for long-term mega projects for greater social impact for scaling up the projects in terms of their size and socio-economic impact, with optimal utilization of resources of each participating entity, and also accelerate the pace of development, including in the backward regions.
- 5.3.8 The Company may conduct, through its own manpower or by an external agency, periodic monitoring of CSR projects concurrently with implementation, or otherwise, to assess if the progress is on expected lines in terms of timelines, budgetary expenditure and achievement of physical targets with the help of identified key performance



indicators; the periodicity being determined largely by the nature of performance indicators. The Company may ensure that monitoring shall be done in project mode with continuous feedback mechanism, and recourse always available for mid-course corporation in implementation, whenever required.

## Chapter VI

### REPORTING AND DISCLOSURE

- 6.1.1 The Board's Report pertaining to a financial year commencing on or after the 1<sup>st</sup> day of April, 2014 shall include an annual report on CSR containing particulars specified in **Enclosure-I**.
- 6.1.2 The Board's report shall include under Section 134(3) of the Act shall disclose:-
- (i) composition of the Corporate Social Responsibility Committee of the Board
  - (ii) details about the policy developed and implemented by the company on corporate social responsibility initiatives taken during the year
  - (iii) the contents of CSR Policy, in its report as per **Enclosure I**.
- 6.1.3 If the Company fails to spend during a financial year, the amount specified for Corporate Social Responsibility under the Companies Act, 2013 and Rules thereunder, as may be amended from time to time, the Board shall, in its report under Section 134(3), specify reasons for not spending such amount.
- 6.1.4 A half yearly Status Report on activities / projects identified / implemented shall be submitted to the Company's Board of Directors.
- 6.1.5 The CSR Policy and report on CSR as per **Enclosure I** shall be displayed on the Company's website.
- 6.1.6 The Company may publish a Corporate Brochure from time to time, highlighting the CSR initiatives undertaken, for dissemination to various stakeholders.



## **Chapter VII**

### **MISCELLANEOUS**

#### **7.1 Advocacy & Research**

Recognizing that academic interface is essential for successful socially responsible businesses, the Company may have collaboration with academic institutions such as TISS, IITs, IIMs and similarly placed other such institutions on a perpetual basis. The expenditure incurred by the Company in availing the services of TISS/IICA/any other agency for the implementation of their CSR activities would be treated as a part of expenditure of the Company under this budgetary Head.

#### **7.2 Miscellaneous**

Projects / activities of the Company, whether planned or in various stages of implementation, as per PHL Policy on CSR and Sustainability effective from September 2010, would continue to be recognized as valid till completed.

These guidelines/policy will stand modified by any amendment in the provisions of the Companies Act, 2013, as may be in force from time to time.

This policy will supersede all the Guidelines / circulars / instructions issued earlier by the Company on this subject.

Notwithstanding any of the above, CMD PHL is authorized to take any action, including waiving any provision / procedure prescribed above or modifying/adding any further condition towards selection of agency/project, revision in scope of work, conduct of baseline/need assessment survey, monitoring of implementation, evaluation and impact assessment, etc., as may be felt necessary for achievement of prescribed targets of MoU entered into with parent ministry, or for any other reason.



## PAWAN HANS LIMITED

**FORMAT FOR SUGGESTION FROM STAKEHOLDER/S ON  
CSR & SUSTAINABILITY ASPECTS**

1.	Name of the stake holder  (Name, designation and name of the Organisation in cases other than individual beneficiary/ ies)	
2.	Address	
3.	Contact details:- Phone & Mobile No.	
4.	Category of Stakeholder- Govt. / NGO/ Beneficiary / Any other stakeholder (To Specify)	
5.	Relevant practice of PHL CSR & Sustainability on which suggestion is made	
6.	Suggestion	

Date:

Place:

(Signature)\*

\*with stamp in cases other than individual beneficiary/ies.



**Enclosure I**

**FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED  
IN 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 CSR Committee.
3. Average net profit of the company for last three financial years.
4. Prescribed CSR expenditure (two percent 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)
S.No	CSR project or activity identified.	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and District where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs <b>Sub-heads:</b> (1) Direct expenditure on projects or program. (2) Overheads:	Cumulative expenditure upto the reporting period.	Amount spent: Direct or through implementing agency*.
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 of the Board that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and Policy of the company.

Sd/- (Chief Executive Officer or Managing Director or Director)	Sd/- (Chairman, CSR Committee of the Board)	Sd/- (Person specified under clause (d) of sub-section (1) of section 380 of the Act) (wherever applicable)
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**Text of Section 135 of the Companies Act, 2013**

**135. Corporate Social Responsibility**

(1) Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.

(2) The Board's report under sub-section (3) of section 134 shall disclose the composition of the Corporate Social Responsibility Committee.

(3) The Corporate Social Responsibility Committee shall,—

(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;

(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.

(3)The Board of every company referred to in sub-section (1) shall,—

(a) after taking into account the Recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy for the company and disclose contents of such Policy in its report and also place it on the company's website, if any, in such manner as may be prescribed; and

(b) ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the company.

(5) The Board of every company referred to in sub-section (1), shall ensure that the company spends, in every financial year, at least two per cent. of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy:

Provided 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 activities:

Provided further that if the company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134, specify the reasons for not spending the amount.

Explanation.—For the purposes of this section "average net profit" shall be calculated in accordance with the provisions of section 198.





# भारत का राजपत्र

## The Gazette of India

असाधारण

EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (i)

PART II—Section 3—Sub-section (i)

प्राधिकार से प्रकाशित

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कारपोरेट कार्य मंत्रालय

अधिसूचना

नई दिल्ली, 27 फरवरी, 2014

सा.का.नि. 129(अ).—केन्द्रीय सरकार कंपनी अधिनियम, 2013 (2013 का 18) की धारा 135 और धारा 469 की उप-धारा (1) और (2) के द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए निम्नलिखित नियम बनाती है, अर्थात् :-

1. संक्षिप्त नाम और प्रारंभ— (1) इन नियमों का संक्षिप्त नाम कंपनी (कारपोरेट सामाजिक दायित्व नीति) नियम, 2014 है ।  
(2) ये नियम 01 अप्रैल, 2014 से प्रवृत्त होंगे ।
2. परिभाषाएं— (1) इन नियमों में, जब तक कि संदर्भ से अन्यथा अपेक्षित न हो,
  - (क) "अधिनियम" से कंपनी अधिनियम, 2013 अभिप्रेत है ;
  - (ख) "उपाबंध" से इन नियमों से उपाबद्ध उपाबंध अभिप्रेत है ;
  - (ग) "कारपोरेट सामाजिक दायित्व (सीएसआर)" से निम्नलिखित अभिप्रेत और शामिल हैं किंतु निम्नलिखित तक सीमित नहीं है:-
    - (i) अधिनियम की अनुसूची 7 में विनिर्दिष्ट कार्यकलापों से संबंधित परियोजनाएं अथवा कार्यक्रम; अथवा
    - (ii) कंपनी की घोषित कारपोरेट सामाजिक दायित्व नीति के अनुसार बोर्ड की सीएसआर समिति की सिफारिशों के अनुसरण में किसी कंपनी के निदेशक बोर्ड (बोर्ड) द्वारा शुरू किए गए क्रियाकलापों से

संबंधित परियोजनाएं अथवा कार्यक्रम बशर्ते कि ऐसी नीति में अधिनियम की अनुसूची 7 में उल्लिखित विषय सम्मिलित हों।

- (घ) "सीएसआर समिति" से अधिनियम की धारा 135 में निर्दिष्ट बोर्ड की कारपोरेट सामाजिक दायित्व समिति अभिप्रेत है;
- (ङ) "सीएसआर नीति" कंपनी के कारबार के सामान्य प्रचालन के अनुसरण में किए गए कार्यकलापों को छोड़कर, अनुसूची 7 में यथाविनिर्दिष्ट कंपनी द्वारा किए गए कार्यकलाप और उस पर किए गए व्यय से संबंधित है;
- (च) "शुद्ध लाभ" से अधिनियम के लागू उपबंधों के अनुसरण में तैयार किए गए वित्तीय विवरण के अनुसार किसी कंपनी के शुद्ध लाभ अभिप्रेत है किंतु इनमें निम्नलिखित शामिल नहीं है अर्थात् :-
- (i) कंपनी की विदेश स्थित किसी शाखा अथवा शाखाओं, चाहे वह अलग कंपनी के रूप में अथवा अन्यथा कार्यरत है, से प्राप्त कोई लाभ, तथा
  - (ii) भारत में अन्य कंपनियों जो अधिनियम की धारा 135 के अंतर्गत शामिल हैं अथवा इसके अनुबंधों का अनुपालन करती हैं, से प्राप्त कोई लाभांश:

परंतु किसी वित्तीय वर्ष, जिसके लिए कंपनी अधिनियम, 1956 (1956 का 1) के उपबंधों के अनुसरण में सुसंगत वित्तीय विवरण तैयार किए गए थे, के संबंध में 'शुद्ध लाभ' की पुनः गणना अधिनियम के उपबंधों के अनुसार अपेक्षित नहीं होगी।

परंतु यह और कि इन नियमों के अधीन आने वाली विदेशी कंपनी के मामले में शुद्ध लाभ से अधिनियम की धारा 198 के साथ पठित धारा 381 की उप-धारा (1) के खंड (क) के अनुसार तैयार लाभ-हानि खाते के अनुरूप ऐसी कंपनी का शुद्ध लाभ अभिप्रेत है।

(2) इन नियमों में प्रयुक्त शब्दों और अभिव्यक्तियों, जिन्हें इन नियमों में परिभाषित नहीं किया गया है किंतु अधिनियम में परिभाषित किया गया है, के वही अर्थ होंगे जो अधिनियम में दिए गए हैं।

3 कारपोरेट सामाजिक दायित्व :

(1) प्रत्येक कंपनी अपनी होल्डिंग अथवा अनुषंगी सहित तथा अधिनियम की धारा 2 के खंड (42) के अंतर्गत परिभाषित कोई विदेशी कंपनी जिसका शाखा कार्यालय अथवा परियोजना कार्यालय भारत में है और जो अधिनियम की धारा 135 और इन नियमों के उपबंधों का अनुपालन करेगी;

परंतु अधिनियम के अंतर्गत किसी विदेशी कंपनी का शुद्ध मूल्य, व्यापारावर्त अथवा शुद्ध लाभ की गणना अधिनियम की धारा 381 की उपधारा (1) के खंड (क) और धारा 198 के उपबंधों के अनुसरण में तैयार किए गए उस कंपनी के तुलन पत्र और लाभ व हानि विवरण के अनुसार की जाएगी।

(2) प्रत्येक कंपनी जो क्रमवर्ती तीन वित्तीय वर्षों के लिए अधिनियम की धारा 135 की उप-धारा (1) के अंतर्गत कंपनी नहीं रहती है, उससे निम्नलिखित अपेक्षित नहीं होगा;

(क) सीएस आर समिति का गठन करना;

(ख) उक्त धारा की उप धारा (2) से उप धारा (5) में अंतर्विष्ट उपबंधों का अनुपालन करना;

जब तक कि वह कंपनी धारा 135 की उप धारा (1) में निहित मानकों को पूरा नहीं करती।



#### 4. सीएसआर कार्यकलाप:

(1) कंपनी को अपनी कथित कारपोरेट सामाजिक दायित्व नीति के अनुसार अपने व्यवसाय के सामान्य कार्य के अनुसरण में किए गए कार्यों को छोड़कर परियोजनाओं अथवा कार्यक्रमों अथवा कार्यकलापों (नए अथवा चल रहे) के रूप में अपने कारपोरेट सामाजिक दायित्व कार्यकलाप करने होंगे।

(2) कंपनी का बोर्ड कारपोरेट सामाजिक दायित्व समिति द्वारा अनुमोदित अपने सीएसआर कार्यकलाप किसी रजिस्ट्रीकृत न्यास अथवा रजिस्ट्रीकृत सोसायटी अथवा अधिनियम की धारा 8 के अधीन कंपनी द्वारा स्थापित किसी कंपनी अथवा उसकी होल्डिंग या अनुषंगी या सहयोगी कंपनी के माध्यम से अथवा अन्य किसी तरीके से चला सकता है:

परंतु कि -

(i) यदि ऐसा न्यास, सोसायटी अथवा कंपनी की स्थापना उस कंपनी अथवा उसकी होल्डिंग या अनुषंगी या सहयोगी कंपनी द्वारा नहीं की गई हो तो इसके पास समान कार्यक्रम अथवा परियोजनाएं चलाने का तीन वर्षों का प्रमाणित अभिलेख होना चाहिए;

(ii) कंपनी ने इन अस्तित्वों के माध्यम से चलाई जाने वाली परियोजनाओं अथवा कार्यक्रमों, ऐसी परियोजनाओं और कार्यक्रमों पर धन राशि के उपयोग की कार्य-प्रणाली और निगरानी तथा रिपोर्टिंग तंत्र विनिर्दिष्ट किया हो।

(3) कोई कंपनी परियोजनाओं या कार्यक्रमों या कारपोरेट सामाजिक दायित्व कार्यकलापों को इस प्रकार चलाने के लिए अन्य कंपनियों के साथ भी सहयोग इस रीति में कर सकती है कि संबंधित कंपनियों की कारपोरेट सामाजिक दायित्व समितियां इन नियमों के अनुसार ऐसी परियोजनाओं अथवा कार्यक्रमों पर अलग-अलग रिपोर्ट देने की स्थिति में हों।

(4) अधिनियम की धारा 135 की उपधारा (5) के उपबंधों के अधीन, भारत में चलाई गई कारपोरेट सामाजिक दायित्व परियोजनाएं अथवा कार्यक्रम अथवा कार्यकलाप ही कारपोरेट सामाजिक दायित्व व्यय की कोटि में आएंगे।

(5) अधिनियम की धारा 135 के अनुसार, उन कारपोरेट सामाजिक दायित्व परियोजनाओं अथवा कार्यक्रम अथवा कार्यकलापों को कारपोरेट सामाजिक दायित्व कार्यकलाप नहीं माना जाएगा जिनसे कंपनी के कर्मचारी अथवा उनके कुटुम्बों को ही फायदा हो।

(6) कंपनियां कम से कम तीन वित्तीय वर्षों में कार्य स्थापित अभिलेख वाली संस्थाओं के माध्यम से अपने कर्मियों के साथ-साथ अपनी कार्यान्वयन अभिकरणों के कर्मचारियों की कारपोरेट सामाजिक दायित्व क्षमताएं बना सकती है किंतु ऐसा व्यय एक वित्तीय वर्ष में कंपनी के कुल कारपोरेट सामाजिक दायित्व व्यय के 5% से अधिक नहीं होना चाहिए।

(7) अधिनियम की धारा 182 के अधीन किसी राजनीतिक दल को प्रत्यक्ष अथवा अप्रत्यक्ष रूप से किसी राशि के अंशदान पर सीएसआर कार्यकलाप के रूप में विचार नहीं किया जाएगा।

#### 5. सीएसआर समितियां :

(1) नियम 3 में उल्लिखित कंपनियां निम्नानुसार सीएसआर समिति गठित करेंगी:

(i) धारा 135 की उपधारा (1) के अंतर्गत शामिल कोई असूचीबद्ध सार्वजनिक कंपनी अथवा प्राइवेट कंपनी जिसके लिए अधिनियम की धारा 149 की उपधारा (4) के अनुसरण में स्वतंत्र निदेशक की नियुक्ति करना अपेक्षित नहीं है, की ऐसे निदेशक के बिना अपनी सीएसआर समिति होगी;



(ii) उप नियम (1) में उल्लिखित कोई प्राइवेट कंपनी, जिसके बोर्ड में केवल दो निदेशक हों ऐसे दो निदेशकों के साथ अपनी सीएसआर समिति का गठन करेगी;

(iii) इन नियमों के अंतर्गत शामिल किसी विदेशी कंपनी के बारे में सीएसआर समिति में कम से कम दो व्यक्ति शामिल होंगे जिनमें से एक व्यक्ति अधिनियम की धारा 380 की उप-धारा (1) के खंड (घ) के अंतर्गत यथाविनिर्दिष्ट व्यक्ति होगा और दूसरा व्यक्ति विदेशी कंपनी द्वारा नामनिर्दिष्ट होगा।

(2) सीएसआर समिति कंपनी द्वारा शुरू की जाने वाली सीएसआर परियोजनाओं अथवा कार्यक्रमों अथवा कार्यकलापों के कार्यान्वयन के लिए एक पारदर्शी निगरानी तंत्र संस्थित करेगी।

6. सीएसआर नीति :

(1) कंपनी की सीएसआर नीति में अन्य बातों के साथ-साथ निम्नलिखित बातें शामिल होंगी, अर्थात :-

(क) अधिनियम की अनुसूची 7 के क्षेत्र के भीतर आने वाले उन कारपोरेट सामाजिक दायित्व परियोजनाओं या कार्यक्रमों, जिन्हें कंपनी शुरू करने की योजना बनाती है, की एक सूची तैयार करना, ऐसी परियोजनाओं अथवा कार्यक्रमों के कार्यान्वयन की रूपरेखा निर्धारित करना तथा उनकी कार्यान्वयन अनुसूचियां; तथा

(ख) ऐसी परियोजनाओं अथवा कार्यक्रमों की निगरानी प्रक्रिया:

परंतु कारपोरेट सामाजिक दायित्व कार्यकलापों में कंपनी के कारबार के सामान्य कार्य के अनुसरण में किए गए कार्यकलाप शामिल नहीं होंगे।

परंतु यह और कि निदेशक बोर्ड यह सुनिश्चित करेगा कि कंपनी द्वारा अपनी कारपोरेट सामाजिक दायित्व नीति में शामिल कार्यकलाप अधिनियम की अनुसूची 7 में शामिल कार्यकलापों से संबद्ध हैं।

(2) कंपनी की सीएसआर नीति विनिर्दिष्ट करेगी कि सीएसआर परियोजनाओं अथवा कार्यक्रमों अथवा कार्यकलापों से उद्भूत आधिक्य राशि कंपनी के कारबार लाभ का हिस्सा नहीं होगी।

7. सीएसआर व्यय : कोष में बोर्ड द्वारा अपनी सीएसआर समिति की सिफारिश पर अनुमोदित सीएसआर कार्यकलापों संबंधी परियोजनाओं अथवा कार्यक्रमों पर अंशदान सहित समस्त व्यय सम्मिलित होगा किंतु इसमें किसी ऐसी मद पर किया जाने वाला व्यय शामिल नहीं होगा जो अधिनियम की अनुसूची-7 के कार्यक्षेत्र में आने वाले कार्यकलापों से संगत अथवा आधार पर न हो।

8. सीएसआर रिपोर्टिंग

(1) इन नियमों के अधीन होने वाली कंपनी की अप्रैल 1, को अथवा उसके बाद शुरू होने वाले वित्तीय वर्ष की बोर्ड रिपोर्ट में संलग्नक में निर्दिष्ट व्यौरों को शामिल करते हुए सीएसआर संबंधी एक वार्षिक रिपोर्ट शामिल होगी।

(2) किसी विदेशी कंपनी के मामले में, धारा 381 की उपधारा 1 के उपखंड ख के अंतर्गत फाइल किए गए तुलन पत्र में सीएसआर संबंधी रिपोर्ट का एक संलग्नक अंतर्विष्ट होगा।

9. सीएसआर कार्यकलापों का अपनी वेबसाइट पर प्रदर्शन:

कंपनी का निदेशक बोर्ड सीएसआर समिति की सिफारिशों को ध्यान में रखने के पश्चात् कंपनी के लिए सीएसआर नीति अनुमोदित करेगा और ऐसी नीति की विषयवस्तु अपनी रिपोर्ट में प्रकट करेगा तथा उपाबंध में विनिर्दिष्ट व्यौरों के अनुसार इसे कंपनी की वेबसाइट, यदि कोई हो तो, पर प्रदर्शित किया जाएगा।

[फा. सं. 1/18/2013- सीएल-V]

रेणुका कुमार, संयुक्त सचिव

उपाबंध

बोर्ड की रिपोर्ट में शामिल की जाने वाली सीएसआर कार्यकलापों पर वार्षिक रिपोर्ट का प्रपत्र

1. कंपनी की सीएसआर नीति की संक्षिप्त रूप-रेखा, जिसमें शुरू करने के लिए प्रस्तावित कार्यक्रमों/परियोजनाओं का ब्यौरा और सीएसआर नीति और परियोजनाओं या कार्यक्रमों के वैब-लंक का संदर्भ शामिल हो।
2. सीएसआर समिति की संरचना।
3. पिछले तीन वित्तीय वर्षों के लिए कंपनी का औसत शुद्ध लाभ।
4. विहित सीएसआर व्यय में (ऊपर मद 3 में दी राशि का दो प्रतिशत राशि)
5. वित्तीय वर्ष के दौरान सीएसआर व्यय के ब्यौरे:
  - (क) वर्ष के लिए खर्च की जाने वाली कुल रकम:
  - (ख) वित्तीय वर्ष के लिए खर्च की जाने वाली कुल रकम:
  - (ग) वह रीति जिसमें वित्तीय वर्ष के दौरान खर्च की गई रकम के व्यय का विस्तृत ब्यौरा निम्नलिखित दिया गया है :

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
क्र. स.	अभिज्ञात सीएसआर परियोजना/कार्यकलाप	वह सेक्टर जिसमें परियोजना कवर की गई है	परियोजनाएं कार्यक्रम (1) स्थानीय क्षेत्र या अन्य (2) (उस जिले/राज्य का नाम जहां परियोजना अथवा कार्यक्रम चलाया गया)	परिव्यय रकम (बजट) परियोजना/कार्यक्रम)	परियोजना/कार्यक्रम पर खर्च की गई रकम उप:शीर्ष : (1)परियोजनाओं अथवा कार्यक्रमों पर हुआ प्रत्यक्ष व्यय, (2) उपरिव्यय	रिपोर्टिंग अवधि तक संचयी व्यय	खर्च की गई रकम: प्रत्यक्ष अथवा कार्यान्वयनकारी अभिकरण के माध्यम से
1.							
2.							
3.							
	योग						

कार्यान्वयनकारी अभिकरण के ब्यौरे दें -

6. यदि कंपनी पिछले तीन वित्तीय वर्षों के औसत शुद्ध लाभ का 2% या उसका कोई भाग खर्च करने में असफल रही है तो कंपनी अपनी बोर्ड रिपोर्ट में रकम खर्च न करने के कारण बताएगी।

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7. सीएसआर समिति का एक उत्तरदायित्व परक-कथन कि सीएसआर नीति का कार्यान्वयन एवं निगरानी कंपनी के सीएसआर उद्देश्यों एवं नीति के अनुपालन में है।

हस्ताक्षर (मुख्य कार्यपालक अधिकारी अथवा प्रबंध निदेशक अथवा निदेशक)	हस्ताक्षर (अध्यक्ष, सीएसआर समिति)	हस्ताक्षर अधिनियम की धारा 380 की उपधारा (1) के खंड (घ) के तहत विनिर्दिष्ट व्यक्ति (जहां लागू हो)
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**MINISTRY OF CORPORATE AFFAIRS  
NOTIFICATION**

New Delhi, the 27th February, 2014

**G.S.R. 129(E).**— In exercise of the powers conferred under section 135 and sub-sections (1) and (2) of section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules, namely: -

1. **Short title and commencement.** - (1) These rules may be called the Companies (Corporate Social Responsibility Policy) Rules, 2014.
- (2) They shall come into force on the 1<sup>st</sup> day of April, 2014.
2. **Definitions.**- (1) In these rules, unless the context otherwise requires, -
  - (a) "Act" means the Companies Act, 2013;
  - (b) "Annexure" means the Annexure appended to these 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) "CSR Policy" relates to the activities to be undertaken by the company as specified in Schedule VII to the Act and the expenditure thereon, excluding activities undertaken in pursuance of normal course of business of a company;
  - (f) "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; 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:

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 a 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.

### 3. Corporate Social Responsibility. -

- (1) Every company including its holding or subsidiary, and a foreign company defined under clause (42) of section 2 of the Act having its branch office or project office in India, which fulfils the criteria specified in sub-section (1) of section 135 of the Act shall comply with the provisions of section 135 of the Act and these rules:

Provided that net worth, turnover or net profit of a foreign company of the Act shall be computed in accordance with balance sheet and profit and loss account of such company prepared in accordance with the provisions of clause (a) of sub-section (1) of section 381 and section 198 of the Act.

- (2) Every company which ceases to be a company covered under sub-section (1) of section 135 of the Act for three consecutive financial years shall not be required to -

- (a) constitute a CSR Committee; and  
(b) comply with the provisions contained in sub-section (2) to (5) of the said section,

till such time it meets the criteria specified in sub-section (1) of section 135.

### 4. CSR Activities.-

- (1) The CSR activities shall be undertaken by the company, as per its stated CSR Policy, as projects or programs or activities (either new or ongoing), excluding activities undertaken in pursuance of its normal course of business.

- (2) The Board of a company may decide to undertake its CSR activities approved by the CSR Committee, through a registered trust or a registered society or a company established by the company or its holding or subsidiary or associate company under section 8 of the Act or otherwise:

Provided that—

- (i) if such trust, society or company is not established by the company or its holding or subsidiary or associate company, it shall have an established track record of three years in undertaking similar programs or projects;
- (ii) the company has specified the project or programs to be undertaken through these entities, the modalities of utilization of funds on such projects and programs and the monitoring and reporting mechanism.
- (3) A company may also collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the CSR Committees of respective companies are in a position to report separately on such projects or programs in accordance with these rules.
- (4) Subject to provisions of sub-section (5) of section 135 of the Act, the CSR projects or programs or activities undertaken in India only shall amount to CSR Expenditure.
- (5) The CSR projects or programs or activities that benefit only the employees of the company and their families shall not be considered as CSR activities in accordance with section 135 of the Act.

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(6) Companies may build CSR capacities of their own personnel as well as those of their 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.

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

#### 5. CSR Committees.-

(1) The companies mentioned in the rule 3 shall constitute CSR Committee as under.-

(i) an unlisted public company or a private company covered under sub-section (1) of section 135 which is not required to appoint an independent director pursuant to sub-section (4) of section 149 of the Act, shall have its CSR Committee without such director ;

(ii) a private company having only two directors on its Board shall constitute its CSR Committee with two such directors;

(iii) with respect to a foreign company covered under these rules, the CSR Committee shall comprise of at least two persons of which one person shall be as specified under clause (d) of sub-section (1) of section 380 of the Act and another person shall be nominated by the foreign company.

(2) The CSR Committee shall institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the company.

#### 6. CSR Policy.-

(1) The CSR Policy of the company shall, inter-alia, include the following, namely :-

(a) a list of CSR projects or programs which a company plans to undertake falling within the purview of the Schedule VII of the Act, specifying modalities of execution of such project or programs and implementation schedules for the same; and

(b) monitoring process of such projects or programs:

Provided that the CSR activities does not include the activities undertaken in pursuance of normal course of business of a company.

Provided further that the Board of Directors shall ensure that activities included by a company in its Corporate Social Responsibility Policy are related to the activities included in Schedule VII of the Act.

(2) The CSR Policy of the company shall specify that the surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of a company.

7. **CSR Expenditure.-** 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 does 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.

#### 8. CSR Reporting.-

(1) The Board's Report of a company covered under these rules pertaining to a financial year commencing on or after the 1<sup>st</sup> day of April, 2014 shall include an annual report on CSR containing particulars specified in Annexure.

(2) In case of a foreign company, the balance sheet filed under sub-clause (b) of sub-section (1) of section 381 shall contain an Annexure regarding report on CSR.

#### 9. Display of CSR activities on its website. -

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, as per the particulars specified in the Annexure.

[F. No. 1/18/2013-CL.V]

RENUKA KUMAR, Jt. Secy.

## ANNEXURE

**FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN  
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)
S.No	CSR project or activity identified.	Sector in which the Project is covered.	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken.	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs <b>Sub-heads:</b> (1) Direct expenditure on projects or programs. (2) Overheads:	Cumulative expenditure upto to the reporting period.	Amount spent: Direct or through implementing agency
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.

Sd/- (Chief Executive Officer or Managing Director or Director)	Sd/- (Chairman CSR Committee)	Sd/- [Person specified under clause (d) of sub-section (1) of section 380 of the Act]  (wherever applicable)
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F. No.15 (13)/2013-DPE (GM)  
Government of India  
Ministry of Heavy Industries & Public Enterprises  
(Department of Public Enterprises)  
\*\*\*\*\*

Public Enterprises Bhawan  
Block No. 14, C.G.O. Complex  
Lodhi Road, New Delhi- 110 003  
Dated the 21<sup>st</sup> October, 2014

OFFICE MEMORANDUM

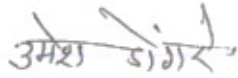
**Subject:** Guidelines on Corporate Social Responsibility and Sustainability for Central Public Sector Enterprises.

The undersigned is directed to enclose the "Guidelines on Corporate Social Responsibility and Sustainability for Central Public Sector Enterprises". These guidelines will supersede the guidelines on Corporate Social Responsibility and Sustainability issued by DPE vide OM No. 15 (7)/2012-DPE (GM)-GL-104 dated the 12<sup>th</sup> April, 2013. The guidelines would supplement CSR Rules (under Companies Act, 2013) notified by Ministry of Corporate Affairs and are issued in consultation with them.

2. These guidelines have the approval of Minister (Heavy Industries & Public Enterprises) and are effective from 1.4.2014.

3. All the administrative Ministries / Departments are requested to bring these guidelines to the notice of CPSEs under their respective jurisdiction for necessary action.

Encl: as above

  
(Umesh Dongre)  
Director  
Telefax: 24363066

To,

Secretaries of all administrative Ministries/ Departments concerned with CPSEs.

Copy to: Chief Executives of all CPSEs.

Guidelines  
on  
Corporate Social Responsibility  
And  
Sustainability  
For  
Central Public Sector Enterprises

w.e.f. 01.04.2014

Department of Public Enterprises

## 1.0. Background

1.1. The Government of India enacted the Companies Act 2013 in August 2013. Section 135 of the Companies Act 2013 (hereinafter referred to as 'the Act') deals with the subject of Corporate Social Responsibility (CSR). It lays down the qualifying criteria based on net worth, turnover, and net profit for companies which are required to undertake CSR activities and, inter alia, specifies the broad modalities of selection, implementation and monitoring of the CSR activities by the Boards of Directors of companies. The activities which may be included by companies in their CSR policies are listed in Schedule VII of the Act. The provisions of Section 135 of the Act and Schedule VII of the Act apply to all companies, including CPSEs.

1.2. The Ministry of Corporate Affairs has formulated CSR Rules (hereinafter referred to as the 'CSR Rules'), under the provisions of the Act and issued the same on 27.2.2014. The CSR Rules are applicable to all companies, including CPSEs w.e.f. 1.4.2014.

1.3 All CPSEs shall have to comply with the provisions of the Act and the CSR Rules. Any amendment notified by the Ministry of Corporate Affairs in the CSR Rules, or in Schedule VII of the Act will also be binding on the CPSEs.

1.4 Prior to the notification of CSR Rules, DPE Guidelines on CSR and Sustainability issued in December 2012, were applicable to CPSEs w.e.f. 01.04.2013. In DPE guidelines, CSR and sustainable development were treated as complementary and, therefore, dealt with together. CSR was seen as an important constituent of the overarching framework of sustainability. The present guidelines of DPE are also intended to reinforce the complementarity of CSR and sustainability and to advise the CPSEs not to overlook the larger objective of sustainable development in the conduct of business and in pursuit of CSR agenda.



## 2.0. DPE Guidelines on CSR and Sustainability for CPSEs

2.1. The CSR provisions of the Act, Schedule VII of the Act, and the CSR Rules are inviolable. However, in addition to the CSR provisions of the Act and the CSR Rules, the Department of Public Enterprises (DPE) has formulated Guidelines on CSR and Sustainability (hereinafter referred to as 'the Guidelines') which are applicable to CPSEs. It is clarified that the Guidelines do not supersede or override any provision of the Act, or Schedule VII of the Act, or the CSR Rules, but will only supplement them. The Guidelines are in the nature of initiatives or endeavour which the key stakeholders expect of CPSEs in the discharge of their Corporate Social Responsibility. Any possible situation in which there may be a conflict between the CSR Rules and the Guidelines, is not envisaged. However, it is clarified that in case of any perceived conflict between the CSR Rules and the Guidelines, the former shall prevail in all circumstances.

2.2 The term Sustainability has been used in conjunction with CSR in the title of DPE Guidelines because CSR activities which are envisaged in the Act and in the CSR Rules can be supplemented with sustainability initiatives as both aim at achieving sustainable development goals. In the Guidelines the need for taking sustainability initiatives is emphasised in addition to the requirement of mandatory compliance with the CSR Rules. The Guidelines are aimed at providing an overarching framework of Sustainability within which CSR is firmly embedded. Therefore, CPSEs are advised to read the CSR Rules together with the Guidelines to clearly understand what is expected of them by the stakeholders.

2.3 The Act enjoins all companies to have a CSR policy, and the information which needs to be furnished in the CSR policy is specified in the CSR Rules. There is to be no deviation from the mandatory provisions of the Act and the CSR Rules in this regard. However, the CSR policy document of a CPSE should also include a vision and mission statement of how the CPSE proposes to comply with the Guidelines. The broad sustainability initiatives which a CPSE intends to undertake should also find mention therein. Since CSR and Sustainability issues are complementary in nature, and both are to be mentioned in the policy document, it is suggested that it may be referred to as 'CSR and Sustainability' policy. The change in nomenclature of the policy document and its information expense would not in any way detract from the CPSE's commitment to CSR, or dilute its content. Rather, it would only indicate the willingness of the CPSE to voluntarily take a few extra steps to address social, economic and environmental concerns, which may be beyond the realm of CSR as envisaged in the Act and the CSR Rules, but are nevertheless worthy of attention for promotion of sustainable development in its diverse dimensions.



2.4 The following Guidelines applicable to all CPSEs are generally in the nature of guiding principles. The guidelines contain certain additional requirements as mentioned below:

i) It is mandatory for all profit making CPSEs to undertake CSR activities as per the provisions of the Act and the CSR Rules. Even the CPSEs which are not covered under the eligibility criteria based on threshold limits of net-worth, turnover, or net profit as specified by Section 135 (1) of the Act, but which made profit in the preceding year, would also be required to take up CSR activities as specified in the Act and the CSR Rules, and such CPSEs would be expected to spend at least 2% of the profit made in the preceding year on CSR activities.

ii) All CPSEs must adopt a CSR and Sustainability Policy specific to their company with the approval of the Board of Directors. The philosophy and spirit of CSR and Sustainability must be firmly ingrained in the policy and it must be consistent with the CSR provisions of the Act, Schedule VII of the Act, CSR Rules, the Guidelines, and the policy directions issued by the Government from time to time. The CSR and Sustainability policy of a CPSE should serve as the referral document for planning its CSR activities in accordance with Schedule VII of the Act and give a road map for formulation of actionable plans.

iii) If the CPSEs feel the necessity of taking up new CSR activities / projects during the course of a year, which are in addition to the CSR activities already incorporated in the CSR policy of the company, the Board's approval of such additional CSR activities would be treated as amendment to the policy.

iv) It would be mandatory for all CPSEs which meet the criteria as laid down in Section 135(1) of the Act, to spend at least 2% of the average net profits of the three immediately preceding financial years in pursuance of their CSR activities as stipulated in the Act and the CSR Rules. This stipulated percentage of average net profits is to be spent every year in a manner specified in the Act and CSR Rules. In case a company fails to spend such amount, it shall have to specify the reasons for not spending it. However, in case of CPSEs mere reporting and explaining the reasons for not spending this amount in a particular year would not suffice and the unspent CSR amount in a particular year would not lapse. It would instead be carried forward to the next year for utilisation for the purpose for which it was allocated.

v) While selecting CSR activities / projects from the activities listed in Schedule VII of the Act, CPSEs should give priority to the issues which are of foremost concern in the national development agenda, like safe drinking water for all, provision of toilets especially for girls, health and sanitation, education, etc. The main focus of CSR and Sustainability policy of CPSEs should be on sustainable development and inclusive growth, and to address the basic needs of the deprived,



under privileged, neglected and weaker sections of the society which comprise of SC, ST, OBCs, minorities, BPL families, old and aged, women / girl child, physically challenged, etc.

vi) For CPSEs to fully exploit their core competence and mobilize their resource capabilities in the implementation of CSR activities / projects, they are advised to align their CSR and Sustainability policy with their business policies and strategies to the extent possible, and select such CSR activities / projects which can be better monitored through in-house expertise.

vii) All CPSEs are expected to act in a socially, economically and environmentally sustainable manner at all times. Even in their normal business activities, public sector companies should try to promote sustainable development through sustainability initiatives by conducting business in a manner that is beneficial to both, business and society. They are advised not to lose sight of their social and environmental responsibility and commitment to sustainable development even in activities undertaken in pursuance of their normal course of business. National and global sustainability standards which promote ethical practices, transparency and accountability in business may be referred to as guiding frameworks to plan, implement, monitor and report sustainability initiatives. But the amount spent on sustainability initiatives in the pursuit of sustainable development while conducting normal business activities would not constitute a part of the CSR spend from 2% of profits as stipulated in the Act and the CSR Rules.

viii) As a part of their sustainability initiatives CPSEs are expected to give importance to environmental sustainability even in their normal mainstream activities by ensuring that their internal operations and processes promote renewable sources of energy, reduce / re-use / recycle waste material, replenish ground water supply, protect / conserve / restore the ecosystem, reduce carbon emissions and help in greening the supply chain. CPSEs are expected to behave in a responsible manner by producing goods and services which are safe and healthy for the consumers and the environment, resource efficient, consumer friendly, and environmentally sustainable throughout their life cycles i.e. from the stage of raw material extraction to production, use / consumption, and final disposal. However, such sustainability initiatives will not be considered as CSR activities as specified in the CSR Rules, and the expenditure incurred thereon would also not constitute a part of the CSR spend. Nevertheless, CPSEs are encouraged to take up such sustainability initiatives from their normal budgetary expenditure as it would demonstrate their commitment to sustainable development.

ix) Sustainability initiatives would also include steps taken by CPSEs to promote welfare of employees, especially women, physically challenged, SC / ST / OBC categories, by addressing their concerns of safety, security, professional enrichment and healthy working conditions beyond what is mandated by



law. However, expenditure on such sustainability initiatives would not qualify as CSR spend.

x) The philosophy and spirit of CSR and Sustainability should be understood and imbibed by the employees at all levels and get embedded in the core values of the company.

xi) CPSEs should extend their reach and oversight to the entire supply chain network to ensure that as far as possible suppliers, vendors, service providers, clients, and partners are also committed to the same principles and standards of corporate social responsibility and sustainability as the company itself. CPSEs are encouraged to initiate and implement measures aimed at 'greening' the supply chain.

xii) As mentioned in the Act, CPSEs should give preference to the 'local area' in selecting the location of their CSR activities. It is desirable that the Board of Directors of CPSEs define the scope of the 'local area' of their commercial units / plants / projects, keeping in view the nature of their commercial operations, the extent of the impact of their operations on society and environment, and the suggestions / demands of the key stakeholders, especially those who are directly impacted by the company's commercial operations / activities. The definition of 'local area' may form part of the CSR policy of the CPSE.

xiii) After giving due preference to the local area, CPSEs may also undertake CSR activities anywhere in the country. The Board of Directors of each CPSE may also decide on an indicative ratio of CSR spend between the local area and outside it, and this may be mentioned in the CSR policy of the CPSE. CPSEs, which by the very nature of their business have no specific geographical area of commercial operations, may take up CSR activities / projects at any location of their choice within the country.

xiv) As far as possible, CPSEs should take up the CSR activities in project, which entails planning the stages of execution in advance by fixing targets at different milestones, with pre-estimation of quantum of resources required within the allocated budget, and having a definite time span for achieving desired outcomes.

xv) CPSEs should devise a communication strategy for regular dialogue and consultation with key stakeholders to ascertain their views and suggestions regarding the CSR activities and sustainability initiatives undertaken by the company. However, the ultimate decision in the selection and implementation of CSR activities would be that of the Board of the CPSE.

xvi) As per the CSR Rules, all companies are required to include an annual report on CSR in their Board's Report. The template / format for reporting CSR activities as provided by CSR Rules should be strictly adhered to. However, CPSEs shall also have to include in the Board's Report a brief narrative on the action taken



for the implementation of the Guidelines so that the stakeholders are informed of not only the CSR activities but also of the sustainability initiatives taken by the CPSEs. CPSEs are further advised to prepare an Annual Sustainability Report, which would go a long way in imparting greater transparency and accountability to the company's operations, apart from improving the brand image.

xvii) It is desirable that CPSEs get a baseline/ need assessment survey done prior to the selection of any CSR activity. It is also desirable that CPSEs should get an impact assessment study done by external agencies of the CSR activities / projects undertaken by them. Impact assessment is mandatory for mega projects, the threshold value of which can be determined by the Board of a CPSE and specified in its CSR and Sustainability policy. However, the expenditure incurred on baseline survey and impact assessment study should be within the overall limit of 5% of administrative overheads of CSR spend as provided for under the CSR Rules.

xviii) Within the provisions of the Act, Schedule VII of the Act, and the CSR Rules, CPSEs are encouraged to take up CSR activities / projects in collaboration with other CPSEs for greater social, economic and environmental impact of their CSR activities / projects.

xix) CSR projects taken up by CPSEs in 2013-14 under DPE guidelines on CSR & Sustainability which were effective from 1<sup>st</sup> April 2013, may be continued till their completion. However, CPSEs to ensure that all new CSR activities / projects are in accordance with the CSR Rules.

xx) CPSEs which are statutory corporations should also comply with the provisions of the Act, CSR Rules and the Guidelines.

xxi) These guidelines will supersede the guidelines / circulars / instructions issued earlier by DPE on the subject of CSR and Sustainability.

General Circular No. 21/2014

No. 05/01/2014- CSR  
Government of India  
Ministry of Corporate Affairs

5<sup>th</sup> Floor, 'A' Wing,  
Shastri Bhawan, Dr. R. P. Marg  
New Delhi - 110 001  
Dated: 18<sup>th</sup> June, 2014

To,  
All Regional Director,  
All Registrar of Companies,  
All Stakeholders

**Subject: - Clarifications with regard to provisions of Corporate Social Responsibility under section 135 of the Companies Act, 2013.**

Sir,

This Ministry has received several references and representation from stakeholders seeking clarifications on the provisions under Section 135 of the Companies Act, 2013 (herein after referred as 'the Act') and the Companies (Corporate Social Responsibility Policy) Rules, 2014, as well as activities to be undertaken as per Schedule VII of the Companies Act, 2013. Clarifications with respect to representations received in the Ministry on Corporate Social Responsibility (herein after referred as ('CSR')) are as under:-

- (i) The statutory provision and provisions of CSR Rules, 2014, is to ensure that while activities undertaken in pursuance of the CSR policy must be relatable 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 as illustratively mentioned in the Annexure.

Contd....



- (ii) It is further clarified that CSR activities should be undertaken by the companies 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.
- (iii) Expenses incurred by companies for the fulfillment of any Act/ Statute of regulations (such as Labour Laws, Land Acquisition Act etc.) would not count as CSR expenditure under the Companies Act.
- (iv) 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.
- (v) "Any financial year" referred under Sub-Section (1) of Section 135 of the Act read with Rule 3(2) of Companies CSR Rule, 2014, implies 'any of the three preceding financial years'.
- (vi) Expenditure incurred by Foreign Holding Company for CSR activities in India will qualify as CSR spend of the Indian subsidiary if, the CSR expenditures are routed through Indian subsidiaries and if the Indian subsidiary is required to do so as per section 135 of the Act.
- (vii) 'Registered Trust' (as referred in Rule 4(2) of the Companies CSR Rules, 2014) would include Trusts registered under Income Tax Act 1956, for those States where registration of Trust is not mandatory.

Contd....

- (viii) 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.

2. This issues with the approval of Competent Authority.

Yours faithfully,

Sd/-

(Seema Rath)  
Assistant Director (CSR)  
Phone No. 23389622

**Copy to:**

1. PSO to Secretary
2. PPS to Additional Secretary
3. PS to DG (IICA)/JS (M) /JS(B)/JS(SP)/DII (UCN)/EA/DII(POLICY)
4. DIR (AK)/DIR (AB)/DIR(NC)/DIR(PS)
5. e-Governance Cell for uploading on website of MCA



**Annexure referred to at para (i) of General Circular No. 21/2014 dated 18.06.2014**

Sl. No.	Additional items requested to be included in Schedule VII or to be clarified as already being covered under Schedule VII of the Act	Whether covered under Schedule VII of the Act
1.	<p>Promotion of Road Safety through CSR:</p> <p>(i) (a) Promotions of Education, "Educating the Masses and Promotion of Road Safety awareness in all facets of road usage,</p> <p>(b) Drivers' training,</p> <p>(c) Training to enforcement personnel,</p> <p>(d) Safety traffic engineering and awareness through print, audio and visual media" should be included.</p> <p>(ii) Social Business Projects : "giving medical and Legal aid, treatment to road accident victims" should be included.</p>	<p>(a) Schedule VII (ii) under "promoting education".</p> <p>(b) For drivers training etc. Schedule VII (ii) under "vocational skills".</p> <p>(c) It is establishment functions of Government (<b>cannot be covered</b>).</p> <p>(d) Schedule VII (ii) under "promoting education".</p> <p>(ii) Schedule VII (i) under 'promoting health care including preventive health care.'</p>
2.	<p>Provisions for aids and appliances to the <b>differently- able</b> persons - 'Request for inclusion</p>	<p>Schedule VII (i) under 'promoting health care including preventive health care.'</p>
3.	<p>The company contemplates of setting up ARTIIC (Applied Research Training and Innovation Centre) at Nasik. Centre will cover the following aspects as CSR initiatives for the benefit of the predominately rural farming community:</p> <p>(a) Capacity building for farmers covering best sustainable farm management practices.</p> <p>(b) Training Agriculture Labour on skill development.</p>	<p>Item no. (ii) of Schedule VII under the head of "promoting education" and "vocational skills" and "rural development".</p> <p>(a) "Vocational skill" livelihood enhancement projects.</p> <p>(b) "Vocational skill"</p>

	<p>(c) Doing our own research on the field for individual crops to find out the most cost optimum and Agri – ecological sustainable farm practices. (Applied research) with a focus on water management.</p> <p>(d) To do Product Life Cycle analysis from the soil conservation point of view.</p>	<p>(c) 'Ecological balance', 'maintaining quality of soil, air and water'.</p> <p>(d) "Conservation of natural resource" and 'maintaining quality of soil, air and water'.</p>
4.	<p>To make "Consumer Protection Services" eligible under CSR. (Reference received by Dr. V.G. Patel, Chairman of Consumer Education and Research Centre).</p> <p>(i) Providing effective consumer grievance redressal mechanism.</p> <p>(ii) Protecting consumer's health and safety, sustainable consumption, consumer service, support and complaint resolution.</p> <p>(iii) Consumer protection activities.</p> <p>(iv) Consumer Rights to be mandated.</p> <p>(v) all consumer protection programs and activities" on the same lines as Rural Development, Education etc.</p>	<p>Consumer education and awareness can be covered under Schedule VII (ii) "promoting education".</p>
5.	<p>a) Donations to IIM [A] for conservation of buildings and renovation of classrooms would qualify as "promoting education" and hence eligible for compliance of companies with Corporate Social Responsibility.</p> <p>b) Donations to IIMA for conservation of buildings and renovation of classrooms would qualify as "protection of national heritage, art and culture, including restoration of buildings and sites of historical importance" and hence eligible for compliance of companies with CSR.</p>	<p>Conservation and renovation of school buildings and classrooms relates to CSR activities under Schedule VII as "promoting education".</p>



6.	Non Academic Technopark TBI not located within an academic Institution but approved and supported by Department of Science and Technology.	Schedule VII (ii) under "promoting education", if approved by Department of Science and Technology.
7.	Disaster Relief	<p>Disaster relief can cover wide range of activities that can be appropriately shown under various items listed in Schedule VII. For example,</p> <p>(i) medical aid can be covered under 'promoting health care including preventive health care.'</p> <p>(ii) food supply can be covered under eradicating hunger, poverty and malnutrition.</p> <p>(iii) supply of clean water can be covered under 'sanitation and making available safe drinking water'.</p>
8.	Trauma care around highways in case of road accidents.	Under 'health care'.
9.	Clarity on "rural development projects"	Any project meant for the development of rural India will be covered under this.
10.	Supplementing of Govt. schemes like mid-day meal by corporates through additional nutrition would qualify under Schedule VII.	Yes. Under Schedule VII, item no. (i) under 'poverty and malnutrition'.
11.	Research and Studies in the areas specified in Schedule VII.	Yes, under the respective areas of items defined in Schedule VII. Otherwise under 'promoting education'.
12.	Capacity building of government officials and elected representatives – both in the area of PPPs and urban infrastructure.	No.

13.	Sustainable urban development and urban public transport systems	Not covered.
14.	Enabling access to, or improving the delivery of, public health systems be considered under the head "preventive healthcare" or "measures for reducing inequalities faced by socially & economically backward groups"?	Can be covered under both the heads of "healthcare" or "measures for reducing inequalities faced by socially & economically backward groups", depending on the context.
15.	Likewise, could slum re-development or EWS housing be covered under "measures for reducing inequalities faced by socially & economically backward groups"?	Yes.
16.	Renewable energy projects	Under 'Environmental sustainability, ecological balance and conservation of natural resources',
17.	(i) Are the initiatives mentioned in Schedule VII exhaustive?  (ii) In case a company wants to undertake initiatives for the beneficiaries mentioned in Schedule VII, but the activity is not included in Schedule VII, then will it count (as per 2(c)(ii) of the Final Rules, they will count)?	(i) & (ii) Schedule VII is to be liberally interpreted so as to capture the essence of subjects enumerated in the schedule.
18.	US-India Physicians Exchange Program – broadly speaking, this would be program that provides for the professional exchange of physicians between India and the United States.	No.

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# भारत का राजपत्र

## The Gazette of India

असाधारण

EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (i)

PART II—Section 3—Sub-section (i)

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

सं. 408]

नई दिल्ली, बृहस्पतिवार, अगस्त 7, 2014/श्रावण 16, 1936

No. 408]

NEW DELHI, THURSDAY, AUGUST 7, 2014/SHRAVANA 16, 1936

कारपोरेट कार्य मंत्रालय

अधिसूचना

नई दिल्ली, 6 अगस्त, 2014

सा.का.नि. 568(अ).—केंद्रीय सरकार, कंपनी अधिनियम, 2013 (2013 का 18) की धारा 467 की उपधारा (1) द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए उक्त अधिनियम की अनुसूची VII में निम्नलिखित और संशोधन करती है, अर्थात्:—

1. अनुसूची VII, में मद (x) के पश्चात् निम्नलिखित मद और प्रविष्टि अंतःस्थापित किए जाएंगे, अर्थात् —

“(xi) स्लम क्षेत्र विकास

स्पष्टीकरण - इस मद के प्रयोजन के लिए, ‘स्लम क्षेत्र’ से केन्द्रीय सरकार या किसी राज्य सरकार या किसी अन्य सक्षम प्राधिकारी द्वारा तत्समय विधि के अधीन इस प्रकार घोषित कोई क्षेत्र अभिप्रेत है।”

2. यह अधिसूचना राजपत्र में प्रकाशन की तारीख से लागू होगी।

[फा. सं.1/18/2013-सीएल-V]

अमरदीप सिंह भाटिया, संयुक्त सचिव

टिप्पण : अनुसूची VII 01 अप्रैल, 2014 को प्रवृत्त हुई और अधिसूचना संख्या सा.का.नि. 130(अ) तारीख 27 फरवरी, 2014 तथा सा.का.नि. 261(अ) तारीख 31 मार्च, 2014 के शुद्धिपत्र द्वारा संशोधित (01 अप्रैल, 2014 से प्रवृत्त) की गई।

**MINISTRY OF CORPORATE AFFAIRS**  
**NOTIFICATION**

New Delhi, the 6th August, 2014

**G.S.R. 568(E).**—In exercise of the powers conferred by sub-section (1) of section 467 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following further amendments in Schedule VII of the said Act, namely:—

(1) In Schedule VII, after item (x), the following item and entry shall be inserted, namely:—

“(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.”

2. This notification shall come into force on the date of its publication in the Official Gazette.

[F. No. 1/18/2013-CL-V]

AMARDEEP S. BHATIA, Jt. Secy.

**Note.**—The Schedule VII was brought into force with effect from 1<sup>st</sup> April, 2014 and was amended (effective from 1st April, 2014) vide notification number GSR 130(E) dated 27<sup>th</sup> February, 2014 and Corrigenda number GSR 261(E) dated 31st March, 2014.





# भारत का राजपत्र

## The Gazette of India

असाधारण

EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (i)

PART II—Section 3—Sub-section (i)

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

सं. 548]

नई दिल्ली, शुक्रवार, अक्टूबर 24, 2014/कार्तिक 2, 1936

No. 548]

NEW DELHI, FRIDAY, OCTOBER 24, 2014/KARTIKA 2, 1936

कारपोरेट कार्य मंत्रालय

अधिसूचना

नई दिल्ली, 24 अक्टूबर, 2014

सा.का.नि. 741(अ).—केंद्रीय सरकार, कंपनी अधिनियम, 2013(2013 का 18) की धारा 467 की उप-धारा (1) द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए उक्त अधिनियम की अनुसूची 7 में निम्नलिखित और संशोधन करती है, अर्थात्:-

- (i) मद (i) में, "और स्वच्छता का संवर्धन" शब्दों के पश्चात्, "जिसके अंतर्गत स्वच्छता के संवर्धन हेतु केन्द्रीय सरकार द्वारा स्थापित स्वच्छ भारत कोष में अंशदान भी है" शब्द अंतःस्थापित किए जाएंगे;
  - (ii) मद (iv) में, "और जल की क्वालिटी बनाए रखना" शब्दों के पश्चात्, "जिसके अंतर्गत गंगा नदी के संरक्षण के लिए केन्द्रीय सरकार द्वारा स्थापित गंगा सफाई कोष में अंशदान भी है" शब्द अंतःस्थापित किए जाएंगे।
2. यह अधिसूचना राजपत्र में प्रकाशन की तारीख को प्रवृत्त होगी।

[फा.सं.1/18/2013-सीएल-V]

अमरदीप सिंह भाटिया, संयुक्त सचिव

टिप्पण : अनुसूची 7, 01 अप्रैल, 2014 को प्रवृत्त हुई थी और उसमें अधिसूचना संख्यांक सा.का.नि. 130 (अ) तारीख 27 फरवरी, 2014 तथा सा.का.नि. 261(अ) तारीख 31 मार्च, 2014 के शुद्धिपत्र द्वारा और संशोधन अधिसूचना संख्या सा.का.नि.568 (अ) तारीख 06 अगस्त, 2014 द्वारा भी संशोधन किया गया था।

## MINISTRY OF CORPORATE AFFAIRS

## NOTIFICATION

New Delhi, the 24th October, 2014

**G.S.R. 741(E).**— In exercise of the powers conferred by sub-section (1) of section 467 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following further amendments to Schedule VII of the said Act, namely:—

(i) In item (i), after the words “and sanitation”, the words “including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation” shall be inserted;

(ii) In item (iv), after the words “and water”, the words “including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;” shall be inserted.

2. This notification shall come into force on the date of its publication in the Official Gazette.

[F. No. 1/18/2013-CL-V]

AMARDEEP SINGH BHATIA, Jt. Secy.

**Note :** The Schedule VII was brought into force with effect from 1st April, 2014 and was amended (effective from 1st April, 2014) vide notification number GSR 130(E) dated 27th February, 2014 and Corrigenda number GSR 261(E) dated 31st March, 2014 and also vide amendment notification number GSR 568(E) dated 6th August, 2014.

P: 53



General Circular No. 01/2016

No. 05/19/2015- CSR  
Government of India  
Ministry of Corporate Affairs

5<sup>th</sup> Floor, 'A' Wing,  
Shastri Bhawan, Dr. R. P. Marg  
New Delhi - 110 001  
Dated: 12<sup>th</sup> January, 2016

To,

All Regional Director,  
All Registrar of Companies,  
All Stakeholders

**Subject: - Frequently Asked Questions (FAQs) with regard to Corporate Social Responsibility under section 135 of the Companies Act, 2013.**

Sir,

Section 135 of the Companies Act, 2013, Schedule VII of the Act and Companies CSR Policy Rules, 2014 read with General Circular dated 18.06.2014 issued by the Ministry of Corporate Affairs, provide the broad contour within which eligible Companies are required to formulate their CSR policies including activities to be undertaken and implement the same in the right earnest. While complying with the Corporate Social Responsibility (CSR) provisions of the Act, Board of the eligible companies are empowered to appraise and approve their CSR policy including CSR projects or programmes or activities to be undertaken. In this connection, Ministry has been receiving several queries and references seeking further clarifications on various issues relating to CSR provision of the Act.

2. In continuation to this Ministry's General Circular dated 18<sup>th</sup> June, 2014 and 17<sup>th</sup> September, 2014, a set of FAQs along with response of the Ministry is provided for facilitating effective implementation of CSR :



## FREQUENTLY ASKED QUESTIONS ON CORPORATE SOCIAL RESPONSIBILITIES

Sl. No.	FAQs
1.	<p><b>Whether CSR provisions of the Companies Act, 2013 is applicable to all companies?</b></p> <p>CSR provisions of the Companies Act 2013 is applicable to every company registered under the Companies Act 2013 and any other previous Companies law having</p> <ul style="list-style-type: none"> <li>• net worth of rupees five hundred crore or more, or</li> <li>• turnover of rupees one thousand crore or more or</li> <li>• a net profit of rupees five crore or more</li> </ul> <p>during any financial year</p>
2.	<p><b>What is meaning of 'any financial year' mentioned above?</b></p> <p>"Any Financial year" referred under Sub-Section (1) of Section 135 of the Act read with Rule 3(2) of Companies CSR Rule, 2014 implies any of the three preceding financial years (refer General Circular No. 21/2014, dated: 18.06.2014)</p>
3.	<p><b>Whether CSR expenditure of a company can be claimed as a business expenditure?</b></p> <p>The amount spent by a company towards CSR cannot be claimed as business expenditure. The Finance Act, 2014 provides that any expenditure incurred by an assessee on the activities relating to Corporate Social Responsibility referred to in section 135 of the Companies Act, 2013 shall not be deemed to be an expenditure incurred by the assessee for the purposes of the business or profession.</p>
4.	<p><b>Whether the 'average net profit' criteria for section 135(5) is Net profit before tax or Net profit after tax?</b></p> <p>Computation of net profit for section 135 is as per section 198 of the Companies Act, 2013 which is primarily PROFIT BEFORE TAX (PBT).</p>
5.	<p><b>Can the CSR expenditure be spent on the activities beyond Schedule VII?</b></p> <p><u>General Circular No. 21/2014 dated June 18, 2014</u> of MCA has clarified that the statutory provision and provisions of CSR Rules, 2014, is to ensure that activities undertaken in pursuance of the CSR policy must be relatable to Schedule VII of the Companies Act, 2013. The entries in the said Schedule VII must be interpreted</p>

/s/



	liberally so as to capture the essence of the subjects enumerated in the said Schedule. The items enlisted in the Schedule VII of the Act, are broad-based and are intended to cover a wide range of activities. The General Circular also provides an illustrative list of activities that can be covered under CSR. In a similar way many more can be covered. It is for the Board of the company to take a call on this.
6.	<b>What tax benefits can be availed under CSR?</b>
	No specific tax exemptions have been extended to CSR expenditure per se. The finance Act, 2014 also clarifies that expenditure on CSR does not form part of business expenditure. While no specific tax exemption has been extended to expenditure incurred on CSR, spending on several activities like contributions to Prime Minister's Relief Fund, scientific research, rural development projects, skill development projects, agricultural extension projects, etc., which find place in Schedule VII, already enjoy exemptions under different sections of the Income Tax Act, 1961.
7.	<b>Which activities would not qualify as CSR?</b>
	<ul style="list-style-type: none"> <li>• The CSR projects or programs or activities that benefit only the employees of the company and their families.</li> <li>• One-off events such as marathons/ awards/ charitable contribution/ advertisement/sponsorships of TV programmes etc.</li> <li>• Expenses incurred by companies for the fulfillment of any other Act/ Statute of regulations (such as Labour Laws, Land Acquisition Act, 2013, Apprentice Act, 1961 etc.)</li> <li>• Contribution of any amount directly or indirectly to any political party.</li> <li>• Activities undertaken by the company in pursuance of its normal course of business.</li> <li>• The project or programmes or activities undertaken outside India.</li> </ul>
8.	<b>Whether a holding or subsidiary of a company which fulfils the criteria under section 135(1) has to comply with section 135, even if the holding and subsidiary itself does not fulfill the criteria.</b>
	Holding or subsidiary of a company does not have to comply with section 135(1) unless the holding or subsidiary itself fulfills the criteria.

*dit*

9.	<b>Whether provisions of CSR are applicable on Section 8 Company, if it fulfills the criteria of section 135(1) of the Act.</b>
	Section 135 of the Act reads " Every company.....", i.e. no specific exemption is given to section 8 companies with regard to applicability of section 135, hence section 8 companies are required to follow CSR provisions
10.	<b>Can contribution of money to a trust/Society/Section 8 Companies by a company be treated as CSR expenditure of the company?</b>
	<u>General Circular No. 21/2014 of MCA dated June 18, 2014</u> clarifies that 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 company 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.
11.	<b>Whether display of CSR policy of a company on website of the company is mandatory or not?</b>
	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).
12.	<b>Whether reporting of CSR is mandatory in Board's Report?</b>
	The Board's Report of a company qualifying under section 135(1) pertaining to a financial year commencing on or after the 1 <sup>st</sup> day of April, 2014 shall include an annual report on CSR containing particulars specified in Annexure. (refer Rule 9 of CSR Policy, Rules 2014).
13.	<b>Whether it is mandatory for Foreign Company to give report on CSR activity?</b>
	In case of a foreign company, the balance sheet filed under sub-clause (b) of sub-section (1) of section 381 shall contain an Annexure regarding report on CSR.
14.	<b>Whether contribution towards disaster relief qualifies as CSR or not?</b>
	(May please refer point no. 7 to the annexure to General Circular dated 18.06.2014 issued by Ministry of Corporate Affairs).



15.	<p><b>Whether contribution in kind can be monetized to be shown as CSR expenditure?</b></p> <p>Section 135 prescribes "....shall ensure that company spends....". The company has to spend the amount.</p>
16.	<p><b>If a company spends in excess of 2% of its average net profit of three preceding years on CSR in a particular year, can the excess amount spent be carried forward to the next year and be offset against the required 2% CSR expenditure of the next year?</b></p>
	<p>Any excess amount spent (i.e., more than 2% as specified in Section 135) cannot be carried forward to the subsequent years and adjusted against that year's CSR expenditure.</p>
17.	<p><b>Can the unspent amount from out of the minimum required CSR expenditure be carried forward to the next year?</b></p>
	<p>The Board is free to decide whether any unspent amount from out of the minimum required CSR expenditure is to be carried forward to the next year. However, the carried forward amount should be over and above the next year's CSR allocation equivalent to at least 2% of the average net profit of the company of the immediately preceding three years.</p>
18.	<p><b>What is the role of Government in monitoring implementation of CSR by companies under the provision of the Companies Act, 2013?</b></p>
	<p>The main thrust and spirit of the law is not to monitor but to generate conducive environment for enabling the corporates to conduct themselves in a socially responsible manner, while contributing towards human development goals of the country.</p> <p>The existing legal provisions like mandatory disclosures, accountability of the CSR Committee and the Board, provisions for audit of the accounts of the company etc., provide sufficient safeguards in this regard. Government has no role to play in monitoring implementation of CSR by companies</p>
19.	<p><b>Whether government is proposing to establish any mechanism for third parties to monitor the quality and efficacy of CSR expenditure as well as to have an impact assessment of CSR by Companies?</b></p>
	<p>Government has no role to play in engaging external experts for monitoring the quality and efficacy of CSR expenditure of companies. Boards / CSR Committees are fully competent to engage third parties to have an impact assessment of its CSR programme to validate compliance of the CSR provisions of the law.</p>

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20.	<b>Can CSR funds be utilized to fund Government Scheme?</b>
	<p>The objective of this provision is indeed to involve the corporates 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.</p> <p>However, under CSR provision of the Act and rules made thereunder, the Board of the eligible company is competent to take decision on supplementing any Government Scheme provided the scheme permits corporates participation and all provisions of Section 135 of the Act and rules thereunder are complied by the company.</p>
21.	<b>Who is the appropriate authority for approving and implementation of the CSR programmes / projects of a Company? What is Government's role in this regard?</b>
	<p>Government has no role to play in this regard. Section 135 of the Act, Schedule VII and Companies CSR Policy Rules, 2014 read with General Circular dated 18.06.2014 issued by the Ministry of Corporate Affairs, provide the broad contour within which eligible companies are required to formulate their CSR policies including activities to be undertaken and implement the same in the right earnest. Therefore, all CSR programmes / projects should be approved by the Boards on the recommendations of their CSR Committees. Changes, if any, in the programme / project should also be undertaken only with the approval of the Committee / Board.</p>
22.	<b>How can companies with small CSR funds take up CSR activities in a project / programme mode?</b>
	<p>A well designed CSR project or programme can be managed with even small fund. Further, there is a provision in the CSR Policy Rules, 2014 that such companies can combine their CSR programs with other similar companies by way of pooling their CSR resources. ( refer rule 4 in Companies (CSR Policy) Rules, 2014).</p>

*both*



23.	Whether involvement of employees of the company in CSR project / programmes of a company can be monetized and accounted for under the head of 'CSR expenditure'?
	Contribution and involvement of employees in CSR activities of the company will no doubt generate interest / pride in CSR work and promote transformation from Corporate Social Responsibility (CSR) as an obligation to Socially Responsible Corporate (SRC) in all aspects of their functioning. Companies therefore, should be encouraged to involve their employees in CSR activities. <b>However monetization of pro bono services of employees would not be counted towards CSR expenditure.</b>

3. This issues with the approval of Competent Authority.

Yours faithfully,



(Seema Rath)

Deputy Director (CSR- Cell)

Tel: - 011-23384657

Copy to:

1. E-Governance Cell and Web contents Officer to upload on the website of this Ministry.

General Circular No.05/2016

No. 05/01/2014- CSR  
Government of India  
Ministry of Corporate Affairs

5<sup>th</sup> Floor, 'A' Wing,  
Shastri Bhawan, Dr. R. P. Marg  
New Delhi - 110 001  
Dated: 16<sup>th</sup> May, 2016

To,

All Regional Director,  
All Registrar of Companies,  
All Stakeholders

**Subject: - Clarification with regard to provisions of Corporate Social Responsibility under section 135 of the Companies Act, 2013.**

In continuation to this Ministry's General Circular 01 of 2016 dated 12.01.2016, it is clarified that companies, while undertaking Corporate Social Responsibility activities under provision of the Companies Act, 2013, shall not contravene any other prevailing laws of the land including Cigarettes and Other Tobacco Products Act (COTPA), 2003.

2. This issues with the approval of Competent Authority.

Yours faithfully,

  
(Seema Rath)

Dy. Director - CSR- Cell  
Tell - 01123384657

Copy to:

1. E- Governance section and web contents Officer to place this circular on the Ministry website.
2. Guard File.





# भारत का राजपत्र

## The Gazette of India

असाधारण

EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (i)

PART II—Section 3—Sub-section (i)

प्राधिकार से प्रकाशित

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NEW DELHI, MONDAY, MAY 23, 2016/JYAISTHA 2, 1938

कारपोरेट कार्य मंत्रालय

अधिसूचना

नई दिल्ली, तारीख 23 मई, 2016

सा.का.नि. 540(अ).—केंद्रीय सरकार, कंपनी अधिनियम, 2013 (2013 का 8) की धारा 135 और धारा 469 की उपधारा (1) और उपधारा (2) द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए कंपनी (कारपोरेट सामाजिक दायित्व नीति) नियम, 2014 का और मंशोधन करने के लिए निम्नलिखित नियम बनाती है, अर्थात् :-

1. संक्षिप्त नाम और प्रारंभ.- (1) कंपनी (कारपोरेट सामाजिक दायित्व नीति) संशोधन नियम, 2016 है।

(2) यह राजपत्र में प्रकाशन की तारीख को प्रवृत्त होंगे।

2. कंपनी (कारपोरेट सामाजिक दायित्व नीति) नियम, 2014 के नियम 4 में, उपनियम (2) के स्थान पर निम्नलिखित उपनियम रखा जाएगा, अर्थात्:-

"(2) कंपनी बोर्ड, सीएसआर समिति द्वारा अनुमोदित इसके सीएसआर क्रियाकलापों के वचनबंध के लिए निर्णय कर सकेगा,-

- (क) अधिनियम की धारा 8 के अधीन स्थापित कोई कंपनी या रजिस्ट्रीकृत न्यास या रजिस्ट्रीकृत सोसाइटी, कंपनी द्वारा स्थापित या तो एकल या किसी अन्य कंपनी के साथ माध्यम कर सकेगा, या
- (ख) अधिनियम की धारा 8 के अधीन स्थापित कोई कंपनी या रजिस्ट्रीकृत न्यास या रजिस्ट्रीकृत सोसाइटी, केंद्रीय सरकार या राज्य सरकार या संसद् या राज्य विधान-मंडल के अधीन स्थापित किसी अस्तित्व के माध्यम से कर सकेगा :

परंतु यह कि यदि, कंपनी बोर्ड अधिनियम की धारा 8 के अधीन स्थापित कोई कंपनी के माध्यम से इसके सीएसआर क्रियाकलापों को वचनबंध के लिए निर्णय करता है या रजिस्ट्रीकृत न्यास या रजिस्ट्रीकृत सोसाइटी इस उपनियम में विनिर्दिष्ट से ऐसी भिन्न कंपनी के वचनबंध एक समान

कार्यक्रम या परियोजना के बचनबंध में तीन वर्ष के पिछला कार्य निष्पादन रिकॉर्ड को स्थापित करेगी और कंपनी बचनबंध किए जाने वाली परियोजनाएं या कार्यक्रमों, ऐसी परियोजनाएं और कार्यक्रम की उपयोगिता की प्रकारताओं एवं मॉनीटर और रिपोर्ट करने वाले यंत्र को विनिर्दिष्ट किया है।

[फा. सं. 05/12/2016-सीएसआर-सेल]

अमरदीप सिंह भाटिया, संयुक्त सचिव।

**टिप्पण :** मूल नियम, भारत के राजपत्र, असाधारण, भाग 2, खंड 3, उपखंड (i) में सा.का.नि. संख्यांक 129(अ) तारीख 27 फरवरी, 2014 द्वारा प्रकाशित किए गए थे और तत्पश्चात् अधिसूचना संख्या सा.का.नि. 644(अ) तारीख 12 मितंबर, 2014 और अधिसूचना संख्यांक सा.का.नि. 43(अ) तारीख 19 जनवरी, 2015 में संशोधित किए गए।

### MINISTRY OF CORPORATE AFFAIRS

#### NOTIFICATION

New Delhi, the 23rd May, 2016

**G.S.R. 540(E).**—In exercise of the powers conferred under section 135 and sub-sections (1) and (2) of section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies (Corporate Social Responsibility Policy) Rules, 2014, namely:—

**1. Short title and commencement.** - (1) These rules may be called the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2016.

(2) They shall come into force on the date of their publication in the Official Gazette.

**2. In the Companies (Corporate Social Responsibility Policy) Rules, 2014, in rule 4, for sub-rule (2), the following sub-rule shall be substituted, namely:—**

“(2) The Board of a company may decide to undertake its CSR activities approved by the CSR Committee, through

(a) a company established under section 8 of the Act or a registered trust or a registered society, established by the company, either singly or alongwith any other company, or

(b) a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government or any entity established under an Act of Parliament or a State legislature :

Provided that- if, the Board of a company decides to undertake its CSR activities through a company established under section 8 of the Act or a registered trust or a registered society, other than those specified in this sub-rule, such company or trust or society shall have an established track record of three years in undertaking similar programs or projects; and the company has specified the projects or programs to be undertaken, the modalities of utilisation of funds of such projects and programs and the monitoring and reporting mechanism”.

[F. No. 05/12/2016-CSR-Cell]

AMARDEEP SINGH BHATIA, Joint Secy.

**Note.**—The principal rules were published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), *vide number G.S.R. 129(E)*, dated the 27th February, 2014 and were subsequently amended by notification number G.S.R. 644(E), dated the 12th September, 2014 and notification number G.S.R. 43(E), dated the 19<sup>th</sup> January, 2015.