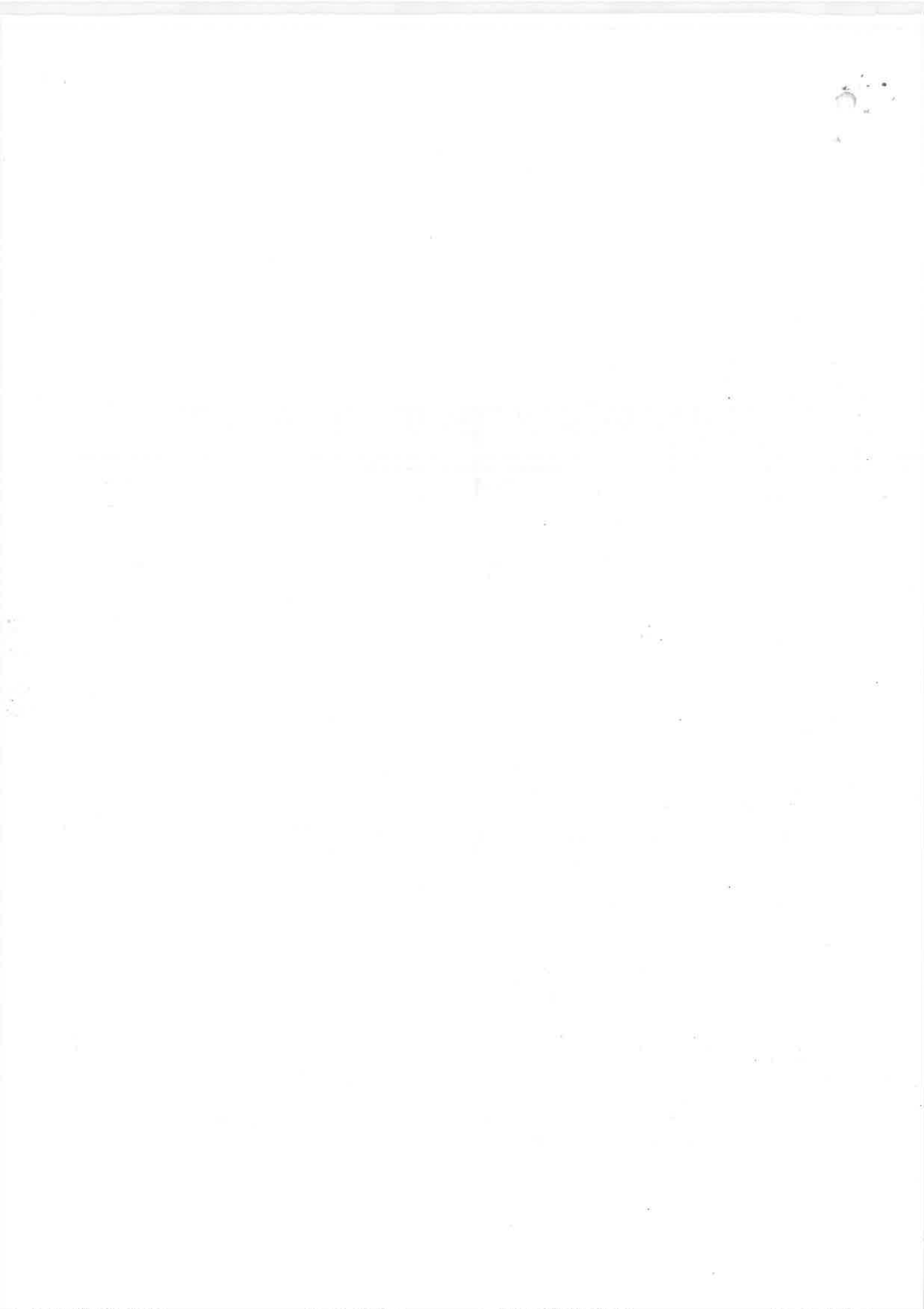


CORPORATE SOCIAL RESPONSIBILITY
POLICY, 2022

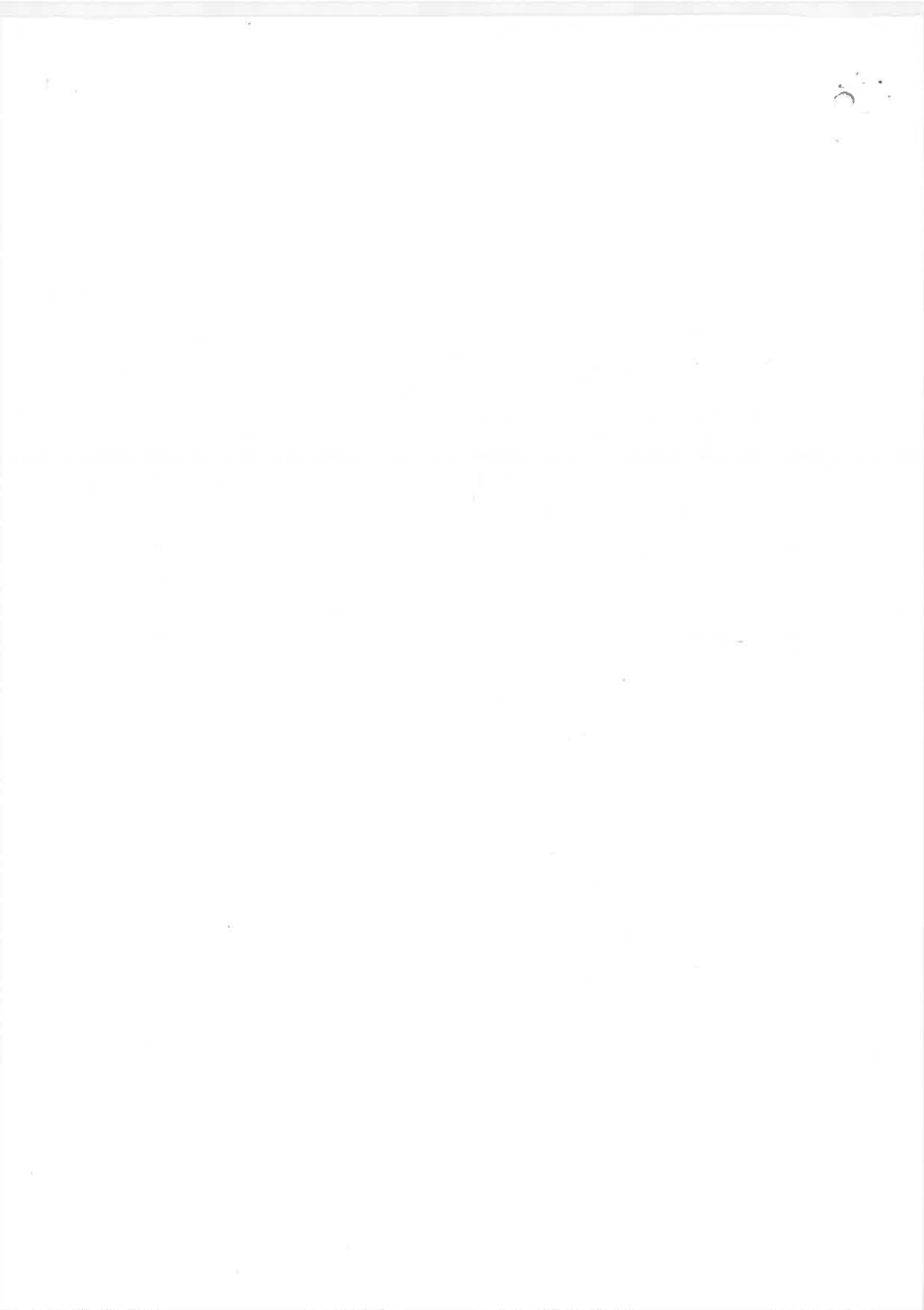
**BIHAR STATE URBAN INFRASTRUCTURE DEVELOPMENT
CORPORATION LIMITED**





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1. NAME

The Policy is called the "BUIDCO- Corporate Social Responsibility (CSR) Policy 2022"

2. DEFINITION

- i. The "**Act**" Means the Companies Act, 2013.
- ii. "**Corporate Social Responsibility**" means and includes but is not limited to:-
 - Projects or programs relating to activities specified in, Schedule VII of the Act; or
 - Projects or programs relating to activities undertaken by the Board of directors of the 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 include activities, areas or subjects specified in Schedule VII of the Act which may be read and interpreted broadly/liberally.

The "CSR Committee" means the Corporate Social Responsibility Committee of the Board referred to in Section 135 of the Act.

- iii. "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 the Company.
- iv. "Net Profit" means the net profit of the company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following namely:-
 - Any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and
 - any dividend received from other companies in India, which, are covered under and complying with the provisions of, section 135 of the Act :-

3. CSR ACTIVITIES AND OBJECTIVES

In order to channelize CSR resources in a focused and meaningful manner, following thrust areas in accordance to Schedule – VII of the Companies Act, 2013 have been identified by BUIDCo, which may be read and interpreted broadly/liberally:-

- i. ***Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.***
- ii. ***Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.***
- iii. ***Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such***

other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.

- iv. *Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro-forestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.*
 - v. *Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts;*
 - vi. *Measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widow;*
 - vii. *Training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports.*
 - viii. *Contribution to the prime minister's national relief fund 8[or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)] or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;*
 - ix (a) *Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and*
 - (b) *Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organization (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs)*
 - ix. *Rural development projects*
 - x. *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.*
- xi. *Disaster management, including relief, rehabilitation and reconstruction activities.*

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4. COMPOSITION OF CSR COMMITTEE

CSR committee of the company shall comprise of three or more directors, out of which at least one shall be an Independent Director as applicable to unlisted public companies.

The number of committee meeting(s) required to be held in any year and the quorum required for such meetings shall be determined by the Board.

CSR Committee of BUIDCo comprises of the following three (3) Directors :

- | | | | |
|------|---|---|----------|
| i. | Principal Secretary, Urban Development & Housing department | - | Chairman |
| ii. | Managing Director, BUIDCO | - | Member |
| iii. | Independent Director, (Expert in the field of Finance) | - | Member |

5. FUNCTIONS OF THE CSR COMMITTEE

The Corporate Social Responsibility Committee shall —

- i. formulate and recommend the CSR policy to the Board;
- ii. recommend the amount of expenditure to be incurred on CSR activities;
- iii. monitor the CSR policy of the company from time to time;
- iv. Formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy, which shall include the items as mentioned in rule 5(2) of the Companies (CSR Policy) Rules, 2014 and
- v. Any other function relating to CSR of the company as may be directed by the Board

Whenever the company is not required to have CSR Committee, these functions shall be carried out by the Board itself.

6. RESPONSIBILITIES OF THE BOARD IN RELATION TO THE CSR PROVISIONS

The responsibilities of the Board of the company, shall include the following—

- i. approve the CSR policy;
- ii. 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;
- iii. satisfy itself regarding the utilisation of the disbursed CSR funds; and
- iv. if the company fails to spend at least two per cent of the average net profits of the company, 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 and transfer the unspent CSR amount as per provisions of sections 135(5) and 135(6) of the Act.

7. MECHANISMS FOR MONITORING THE CSR PROCESS

The goals and objectives along with the annual budgets of CSR will be discussed and finalised by the CSR committee and the Board of Directors. The CSR architecture is disclosure-based and the company is required to file details of CSR activities annually in MCA21 registry. Company is also required to make necessary disclosures in the financial statements regarding CSR including non-compliance. The existing legal provisions such as mandatory disclosures, accountability of the CSR Committee and the Board, the provisions for audit of accounts of the company provide sufficient mechanisms for monitoring.

The CSR activities are undertaken by the company itself and the broad mechanism for monitoring shall be as follows:

1. List out CSR projects to be undertaken
2. Plan out the manner of execution of such projects
3. Fix time-line as per execution of each project
4. Reporting be made to head office
5. Fund be utilised within time-line
6. Project completion certificate or Utilisation certificate be received from the concerned officer.

8. CSR EXPENDITURE

As per section 135, CSR expenditure is spending of atleast 2% of the average net profit made during immediately preceeding three financial years

A. Calculation of average net profit for the purpose of CSR expenditure

The average net profit for the purpose of determining the spending on CSR activities is to be computed in accordance with the provisions of section 198 of the Act and will also be exclusive of the items given under rule 2(1) (h) of the Companies (CSR Policy) Rules, 2014. Profit before Tax (PBT) is to be used for computation of net profit under section 135 of the Act.

B. Administrative overheads and permissible limits

- i. Administrative overheads are the expenses incurred by the company for 'general management and administration' of CSR functions such as employee costs, utilities, office supplies, legal expenses, etc. However, the expenses which are directly incurred for the designing, implementation, monitoring, and evaluation of a particular CSR project or programme, shall not be included in the administrative overheads.
- ii. The maximum permissible limit for administrative overheads is five per cent (5%) of the total CSR expenditure of the company for the financial year.
- iii. Expenses incurred by implementing agencies on the management of CSR activities shall not amount to administrative overheads and cannot be claimed by the company.
- iv. The surplus arising out of CSR activities shall be utilised only for CSR purposes. Surplus refers to income generated from the amount spend on CSR activities. Contribution to corpus of any entity is not an admissible CSR expenditure. The CSR expenditures/activities cannot be made in kind. Any matters or activities relating to CSR expenditures not specifically mentioned in this policy shall be applicable as per the provisions of the act and the rules framed there under.
- v. CSR should not be interpreted as a source of financing the resource gaps in Government Schemes. However, the Board of the company may undertake similar activities independently subject to fulfilment of Companies (CSR Policy) Rules, 2014.
- vi. The Board of Directors of the company, on recommendation of CSR committee, may authorise the company to collaborate with other companies for undertaking CSR activities by way of pooling their CSR resources.

- b. Education - Promoting education, including special education and inclusive education for children with disability, and skill development and livelihood enhancement projects.
- c. Community Health care - Engaging with the community to promote health care including preventive health care, safe drinking water and sanitation. Providing primary health care services for disadvantaged communities who are proximate to our areas of business operations.
- d. Ecology - Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water.

11. GEOGRAPHY

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.

Local area for BUIDCo CSR activities is Patna and can be other cities of Bihar, if decided by the Board.

12. ONGOING PROJECT AND BOARDS RESPONSIBILITY THERETO

The intent of CSR is to encourage companies to undertake the activities in a project or programme mode rather than as a one-off event and accordingly the company shall starve to spend in on-going projects such as:

- i. a multi-year project, stretching over more than one financial year;
- ii. Having a timeline not exceeding three years excluding the year of commencement. Under no circumstances shall the time period of on-going project be extended beyond this limit.
- iii. Includes Projects that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the Board based on reasonable justification.

The project should have commenced within the financial year to be termed as 'on-going'.

Note:

- a. The term 'year' refers to financial year as defined in section 2(41) of the Act.
- b. An on-going project will have 'commenced' when the company has either issued the work order pertaining to the project or awarded the contract for execution of the project.

In case of on-going projects, the major responsibilities of the Board, inter-alia, include:

- iv. identification of the ongoing projects;
- v. year-wise allocation of funds;
- vi. transferring the unspent money to a separate bank account as prescribed under sub-section (6) of section 135;
- vii. monitoring the implementation of the projects with reference to the approved timelines and year-wise allocation; and
- viii. Making modifications, if any, for smooth implementation of the projects within the overall permissible time period.

- vii. The budget outlay dedicated for one project can be used against another project.

C. Set off of excess amount spent on CSR

The excess amount spent in any financial year (over and above 2% of the expenditure) can be set off against the required 2% CSR expenditure up to the immediately succeeding three financial years subject to compliance with the conditions stipulated under rule 7(3) of the Companies (CSR Policy) Rules, 2014.

D. Modes of incurring CSR expenditure

CSR expenditure can be incurred in following modes:

- i. 'Activities route', which is a direct mode wherein the company undertake the CSR projects or programmes as per Schedule VII of the Act, either by itself or by engaging implementing agencies as prescribed in Companies (CSR Policy) Rules, 2014.
- ii. 'Contribution to funds route', which allows the contributions to various funds as specified in Schedule VII of the Act.
- iii. Contribution to incubators and R&D projects, as specified in item (ix)(a) and contribution to institutes/organisations, engaged in research and development activity, as specified under item (ix)(b) of Schedule VII of the Act.

9. MODES OF IMPLEMENTATIONS OF CSR ACTIVITIES

Pursuant to rule 4 of the Companies (CSR Policy) Rules, 2014 the company may undertake CSR activities through following three modes of implementation:

- i. Implementation by the company itself
- ii. Implementation through eligible implementing agencies as prescribed under sub-rule (1) of rule 4.
- iii. Implementation in collaboration with one or more companies as prescribed under sub-rule (4) of rule 4.

In case of implementation of project through implementing or outside agencies, the company shall obtain an utilisation and/or completion certificate from such agencies immediately after the end of financial year.

Any outside entity who intends to undertake any CSR activity, shall register itself with the Central Government by filing the form CSR-1 electronically with the Registrar and will submit utilisation and/or completion certificate of the project.

10. DOMAINS

BUIDCo has identified the following focus areas for its CSR Programmes based on comprehensive need assessment surveys. The activities mentioned below are only priority illustrative list and the CSR activities will not be restricted to these activities only and CSR Committee will take up new areas of CSR activities as per the Schedule VII of the Companies Act, 2013 read with CSR rules as amended from time to time.

- a. Sports - Training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports

The Board may abandon or modify an on-going project, partially or wholly, under exceptional circumstances only during the prescribed project period as per the recommendation of its CSR committee, and by providing reasonable justification to that effect.

13. TREATMENT OF UNSPENT CSR AMOUNT

If the company spends less than the amount required to be spent under CSR obligation, the Board shall specify the reasons for not spending in the Board's report and shall deal with the unspent amount in the following manner:

Nature of unspent amount	Action required	Timelines
Unspent amount pertains to 'ongoing projects'	Transfer such unspent amount to a separate bank account of the company to be called as 'Unspent CSR Account'.	Within 30 days from the end of the financial year.
Unspent amount pertains to 'other than ongoing projects'	Transfer unspent amount to any fund included in Schedule VII of the Act.	Within 6 months from the end of the financial year.

The compliance of CSR is fulfilled when the company spends the prescribed amount as per its obligation. However, in case the company fails to spend the requisite amount within the financial year, it shall fulfil its obligation by transferring the unspent amount to any fund included in Schedule VII of the Act. The same will be considered as compliance with section 135(5) of the Act. Further, the Board of the company is required to give the requisite disclosure in the Board report and annual report on CSR.

14. REPORTING & DISCLOSURE REQUIREMENTS

The Board's Report pertaining to any financial year, shall include an annual report on CSR containing particulars specified in Annexure I or Annexure II of the rule 8(1) of the Companies (CSR Policy) Rules, 2014.

The company shall mandatorily disclose the following on its website, if any, for public access:

- i. Composition of the CSR Committee;
- ii. CSR Policy; and
- iii. Projects approved by the Board.

15. GENERAL

Any other matter, items or requirements of law under CSR, not covered under this policy, where intentionally or un-intentionally and further whether presently applicable to the company or not, shall be complied or acted upon as per the provisions of the act and the rules framed there under whenever and wherever required or applicable. If the company requires or desires to modify or amend any of these rules, or the CSR policy in entirety, prior approval of Board of Directors of the company shall be obtained upon recommendation of CSR committee of the company.



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