



**Corporate Social Responsibility
(CSR) Policy**

Electronics Corporation of India Limited

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1. CSR OVERVIEW, OBJECTIVE, DEFINITION AND SCOPE

1.1 CSR Overview

Corporate Social Responsibility in ECIL is a continuous commitment to act ethically and contribute to harmonious and sustainable development of society and planet through business, while improving the quality of life of the community and the society.

CSR is, therefore, the organization's commitment to operate in an economically, socially and environmentally sustainable manner, while recognizing the interest of its stakeholders.

1.2 Objective

The purpose of this policy is:

- To define CSR projects or programs which ECIL plans to undertake and which fall within the purview of the Companies Act 2013, The Companies (CSR Policy) Rules, 2014 and the Guidelines on CSR as and when issued by Department of Public Enterprises and in line with any subsequent amendment to the aforesaid legislations or any guidelines;
- Modalities of execution of such CSR projects or programs;
- Monitoring process of such CSR projects or programs;
- To make the stakeholders aware about CSR practices in ECIL.

1.3 Terms and definitions

Company : ECIL;

Board : Board of Directors (BOD) of ECIL;

BLC : Board Level Committee for Corporate Social Responsibility;

Level 1 : Level 1 Committee for CSR;

Local Areas: District in which Unit operates and the districts contiguous thereto.

MIR : Management Information report



Any undefined words and expressions used in 'ECIL CSR Policy' shall have the same meaning as defined for them in the Companies (CSR Policy) Rules, 2014 and "the Companies Act, 2013".

1.4 Scope

1.4.1 This policy broadly covers all relevant clause(s)/ sections of the Companies (CSR Policy) Rules, 2014 and the Companies Act, 2013.

1.4.2 This Policy relates to the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 and the expenditure thereon, excluding activities undertaken in pursuance of normal course of business of the Company.

1.4.3 As clarified by the Ministry of Corporate Affairs vide General Circular no. 21/2014 dt. June 18, 2014, CSR activities mentioned in Schedule VII are to be interpreted liberally. Further, one-off events such as marathons/ awards/ charitable contribution/ advertisement/ sponsorships of TV programmes etc. would not qualify as CSR activities.

1.4.4 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.

1.4.5 This policy document will be applicable for all ECIL units for implementation of CSR activities/programs.

1.5 Working instructions/ guidelines for this policy will be issued separately for the Units, with the approval of Director (P).



2. CSR POLICY STATEMENT

ECIL, a leader in strategic electronics segment enterprise, is committed towards holistic welfare of the society by undertaking CSR activities within the ambit of Schedule-VII of the Companies act, 2013 and Companies (CSR Policy) Rules, 2014. However, thrust areas for CSR activities will be:

2.1. Mitigation of hunger and poverty through livelihood promotion/ augmenting income generation;

2.2. Promoting health care including preventive health care;

2.3. Sanitation and making available Safe Drinking Water;

2.4. Promoting Education by building physical infrastructure to improve school admissions and to reduce dropouts at primary school level, toilets in schools specially for girls, value education, enhancing vocational skills;

2.5. Ensuring environmental sustainability;

2.6. Protection of national heritage, art and culture;

2.7. Rural Development Projects;

In the above thrust areas priority will be given to under privileged, neglected and weaker sections of the society.

The company shall give preference to the local areas for spending at least 75 % of the amount earmarked for CSR activities. The remaining amount may be utilised beyond local areas. At least 75% of the new proposals (i.e. CSR proposals approved for the first time on or after 1.4.2014) shall be taken up in project mode. The Provisions of the Companies Act, 2013 and CSR Rules made thereafter (including DPE Guidelines, as and when issued, on CSR) shall have overriding effect vis-à-vis the provisions of this policy.

Periodic review of this policy shall be done to ensure its continued suitability, adequacy and efficacy.



3. FUNDING & ALLOCATION

3.1 Funding

3.1.1 In line with extant provisions of section 135 of the Companies Act, 2013 and requirements laid down in the Companies (CSR Policy) Rules, 2014;

At least 2% of the average net profit of the company made during the three immediately preceding financial years or any other amount as may be defined in any law/guidelines for the time being in force will be allocated for CSR activities.

3.1.2 CSR budget for the relevant financial year shall be approved by the Board.

3.1.3 The unspent CSR amount would be permitted, in exceptional circumstances, to carry forward to the next year, provided the reasons for not utilizing the entire CSR amount allocated in a particular year, and the plan(s) for utilizing the unspent amount in the next year is approved by the Board and disclosed in its Annual Report.

3.1.4 Any surplus arising out of the CSR projects or programs or activities shall not form part of the Business profits of the company.

3.2 Allocation

CSR Budget will be utilized for the following heads on a year-to-year basis.

3.2.1 Support to Schools and Skill Development:

ECIL has decided to support many government schools situated in the local area by building up of physical infrastructure and promoting computer education. ECIL has initiated various steps to implement the programme of Swatchh Bharat by constructing more toilets in the Schools of local area.

3.2.2 CSR Capacity Building Reserve

In line with the Companies (CSR Policy) Rules, 2014, up to 5% of CSR Budget of the year shall be kept as CSR Capacity Building Reserve; to be utilized for capacity



building/ enhancement initiatives of the company personnel as well as of the implementing agencies, through Institutions with established track record of at least three financial years.

3.2.3 Reserve for Emergency Needs

5% of annual CSR Budget will be kept as reserve for emergency needs like disaster, calamity, etc. If the same remains unutilized, it may be used in the last quarter of the financial year for other activities mentioned in Schedule VII of the Companies (CSR Policy) Rules, 2014.

3.2.4 Renewal/ Extension of ongoing CSR Projects

Request for renewal/ extension of completed/ ongoing CSR projects will be taken for review & approval. CSR Budget will be utilized for such projects.

3.2.5 Baseline Survey/ Need Assessment

Baseline survey/ need assessment to be emphasized before start of the project since baseline data is the basis for assessing outcome of CSR activities. Project proposals received from registered Societies or Trusts should be supported by preliminary baseline survey/ need assessment report at the time of submission of proposal to ECIL. The Baseline Survey report from external agency will be mandatory for CSR projects valuing more than Rs. 20 Lakh. ECIL may if needed, empanel qualified external agencies and maintain their list to conduct baseline survey/ need assessment for the projects aligned to them.

For baseline survey/ need assessment of CSR projects, up to 5% of the CSR budget may be utilized. For any project, ceiling value of expenditure on baseline survey/need assessment will be 5% of the approved project cost.

Wherever feasible, ECIL will conduct base line survey/ need assessment on its own.

3.2.6 Impact Assessment

Impact assessment will be necessary for projects valuing more than Rs. 1.0 Lakh, within a reasonable time frame after completion of the project. The time frame for this is to be decided depending on the nature of work involved. Decision of Nodal Officer based on recommendation of First Level CSR Committee, will be final in this regard.



Impact Assessment for projects will necessarily be conducted through a third party identified by ECIL. The third party will also evaluate overall performance of the implementing agency and suggest improvements required, if any, for future reference.

For impact assessment of completed CSR projects, up to 5% of the CSR budget may be utilized. For any project, ceiling value of expenditure on impact assessment will be 5% of the approved project cost.

3.2.7 Salary to CSR Staff

Salaries paid by the company to regular CSR staff as well as to volunteers of the company (in proportion to company's time/hours spent specifically on CSR) will be factored into CSR project cost as part of CSR expenditure.

3.2.8 Proposal through Registered Trusts/ Societies/ Govt. Agencies/ Customers

Proposals received from registered Trusts/ Societies (having established track record of minimum three years in undertaking similar programs or projects)/ Govt. Agencies/CPSEs/ Customers etc. may be considered depending upon availability of budget during the year and on the merit of the proposal. Proposals received from Govt. Agencies/ CPSEs/ Customers will be given priority over that of Trusts/Societies. Implementing agencies will submit CSR proposals in areas specified in CSR Policy statement and in the format provided by ECIL. Decision of ECIL for acceptance or rejection of proposals will be final.



4. IMPLEMENTATION, MONITORING & REPORTING

After approval of the project, following points shall be followed during implementation:

4.1. If a project under implementation entails installation of equipment/ systems that are in the manufacturing range of ECIL, then the possibility of sourcing the same from the Company may preferably be explored during finalization of the budget for that project;

4.2. First Level Committee shall ensure monitoring, coordination and supervision of the project during its implementation;

4.3. Activities which are clearly mandated to be performed by the Central/State governments are to be generally avoided. However, dovetailing/ participation on PPP mode for any central/state government or any CPSE sponsored initiative may be undertaken provided it is covered under Schedule-VII of the Companies Act, 2013 or Govt. guidelines on CSR.

Monitoring & Reporting

For all CSR projects/ activities, close supervision and monitoring will be done through First Level Committee on CSR. MIR in the prescribed format (as specified in Annexure of the Companies (CSR Policy) Rule, 2014 of the Companies Act 2013) will be prepared by First Level Committee on CSR.



5. CSR STRUCTURE

Following Committees shall be overseeing all activities related to CSR projects/ programs in the company:

5.1 Committees at Corporate Level

5.1.1 Board Level Committee (BLC) for CSR:

It will consist of Director (P), Director (Finance) and at least one Independent Director. Chairman of the Committee will be an Independent Director. Decision with regard to change in composition or reconstitution of the BLC will be within the purview of the Board.

The Board Level Committee (BLC) for CSR shall

- (a) formulate and recommend to the Board, a CSR 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 CSR Policy of the company from time to time.

5.1.2 Level 1 Committee for CSR:

It will assist Board Level Committee for CSR in all matters related to CSR programs/ activities of the company and will be constituted/Re-constituted with the approval of Director (P) and Director (Finance). Level 1 Committee may invite Executive from other Discipline also as per requirement.

Level 1 Committee shall

- (a) formulate criteria for selection of projects keeping in view the Companies Act, 2013, CSR Policy, DPE Guidelines for CSR and directions from the BLC & the Board;
- (b) monitor the process and study impact of CSR programs/ activities periodically
- (c) give suggestion(s) relevant to CSR programs/ activities whenever required.