

POLICY ON CORPORATE SOCIAL RESPONSIBILITY IN LINE WITH COMPANIES ACT 2013

1. INTRODUCTION

1.1. Corporate Social Responsibility (CSR) is about conducting business in a socially responsible and sustainable way, keeping the needs and expectations of the key stakeholders in focus in various business activities

1.2. Ministry of Corporate Affairs has Vide Notification Dt: 27-02-2014 brought out the Companies (Corporate Social Responsibility Policy) Rules, 2014 which has come into force from 1st April 2014. These Rules are applicable to BDL being a Central Public Sector Enterprise

1.3. Bharat Dynamics Ltd (BDL) is proactive in taking various initiatives in the area of Corporate Social Responsibility

1.4. The CSR Policy enumerated in this office order is based on the Companies Act, 2013 (Section 135 & Schedule VII) and Companies (Corporate Social Responsibility Policy) Rules, 2014. Any subsequent amendment to the above Rules shall be duly incorporated in this Office Order

2. MISSION

BDL through its CSR & Sustainability initiatives:

2.1. Will Contribute towards enhancement of quality of life of the under privileged people in our society by providing necessary infrastructure.

2.2. Will contribute towards eradication of poverty

2.3. Will contribute towards any activity which helps in maintaining ecological balance and improve sustainability

3. OBJECTIVES

In alignment with Mission of CSR, the following objectives are pursued.

- 3.1 Identify & focus on education as a priority and take up suitable interventions for betterment of educational facilities at village level
- 3.2 Concentrate on health, hygiene and environmental up gradation to make village life clean and hygienic
- 3.3 Educate and encourage youth to take up self-employment and vocations to make out livelihood
- 3.4 To provide support and participate in Government efforts in social, economic and environmental development of the less privileged

4. SCOPE

4.1. The CSR initiatives of the company shall address social, economic and environmental concerns of the society. The projects undertaken to address these concerns shall either be in the vicinity of company's business Units and / or other backward areas of the country as defined by the Planning Commission for Backward Regions Grant Fund (BRGF)

4.2. In special cases, where the projects have a potential to make significant positive impact on the environment or lives of a larger society, such projects may be considered even though they may not be covered under the requirements of Para above

5. AREAS OF INITIATIVES

Areas of Initiatives (in line with SCHEDULE VII of the Companies Act-2013):

- 5.1. BDL shall take up CSR initiatives in the following broad areas:
 - 5.1.1. Eradicating hunger, poverty and malnutrition, promoting health care including 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

5.1.2. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and differently abled and livelihood enhancement projects

5.1.3. 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

5.1.4. 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 the rejuvenation of the river Ganga

5.1.5. 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 arts and handicrafts

5.1.6. Measures for the benefits of armed forces veterans, war widows and their dependents

5.1.7. Training to promote rural sports, nationally recognized sports, Paralympics Sports and Olympic sports

5.1.8. Contribution to Prime Minister's Relief Fund or any other fund set up by the central Government for socio-economic development and relief and welfare of the Schedule Castes, the Scheduled Tribes, other backward classes, minorities and women

5.1.9. Contribution or funds provided to Technology incubators located within academic institutions which are approved by the Central Government

5.1.10. Rural Development Projects

5.1.11. Slum Area Development

Explanation- For the purpose of this item, the term 'slum area' 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.

6. ORGANIZATION STRUCTURE

6.1. A two-tier organization structure, as detailed below, shall steer the CSR initiatives in the company.

Board Level CSR & SD Committee:

The Board Level CSR and SD Committee shall consist of three or more Directors, out of which one director shall be Independent director

Independent Director	:	Chairman
Independent Director	:	Member
Director (Finance)	:	Member
Director (Production)	:	Member
ED (P & A)	:	Member Secretary

Below Board Level CSR & SD Committee:

Executive Director (P&A)	:	Chairman
ED (BU)	:	Member
GM (V &ER)	:	Member

GM (VU)	:	Member
AGM (Civil & Infra)	:	Member
AGM (CP) BU	:	Member
DGM (P&A – CSR)	:	Member
DGM (System Audit)	:	Member
DGM (Fin.SG-1)	:	Member
DGM (Fin.) Corp	:	Member
DGM (Fin.) VU	:	Member
DGM (Fin.) Bhanur	:	Member
Manager (P&A) VU	:	Member
Manager (P&A) BU	:	Member
Manager (P&A – CSR)	:	Member Secretary

7. BUDGET

7.1. In every Financial Year, the combined budgetary allocation for CSR expenditure for a year shall be at least 2% of average net profits of the company made during immediate three preceding financial years. 'The average Net profit' shall be calculated in accordance with the provision of Section 198 of the Act. This budgetary allocation will need to be approved by the Board. The company shall strive to maximize its spending on CSR activities.

7.2. The allocated funds for CSR activities of the financial year shall be utilized during the year. However, the unspent amount will not lapse and will, instead, be carried forward to the next year for the utilization for the purpose for which it was allocated. Also the reasons for failure to spend the required amount on CSR activities shall be brought out in Director's report.

7.3. The annual budget for CSR shall be spent on implementation of activities in the project mode also, which entails charting the stages of execution in advance and prescribed timelines. CSR expenditure shall include all expenditure including contribution to Corpus, or on projects or programs relating to CSR activities approved by the board on the recommendation of its CSR & SD 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 (listed at clause 5.1 above).

8. GUIDELINES

Guidelines on CSR Activities as per the Companies Act 2013 (CSR Policy) Rules, 2014.

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

8.2. The board may decide to undertake its CSR activities approved by the CSR & SD Committee, on its own or through a registered Trust or a registered society or a Company established by BDL or its holding or subsidiary or associate company under Section 8 of the Act or otherwise: Provided that:

8.2.1. If such Trust, Society or Company is not established by BDL or its holding or subsidiary or associate Company, it shall have an established track record of three years in undertaking similar programs or projects.

8.2.2. BDL has specified the project or programs to be undertaken through these entities, the modalities of utilization of such funds on such projects and programs and the monitoring and reporting mechanism.

8.3. BDL may also collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the CSR & SD

Committees of respective companies are in a position to report separately on such projects or programs in accordance with these rules.

8.4. Subject to the provision 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.

8.5. The CSR Projects or programs or activities that benefit only the employee of BDL and their families shall not be considered as a CSR activity in accordance with Section 135 of the Act.

8.6. BDL may build CSR capacities of its 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 BDL in one financial year.

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

9. PROJECT PROPOSAL

9.1. In order to utilize the budget judiciously and ensure the visibility and noticeable impact of the CSR activities, BDL would focus on fewer projects, which are scalable in terms of their size and impact and are not mere adhoc, one time activity, This will necessitate identification and selection of projects centrally by the Below Board Level CSR & SD Committee

9.2. In order to meet the requirement as stipulated in Para 7.3 above, the Below Board Level CSR & SD Committee will identify and select the appropriate projects

9.3. The choice of projects stated in 9.2 above will preferably be based on a baseline survey by an internal/external agency to identify the needs of the stakeholders likely to be benefited from company's CSR activities. Baseline survey need not be resorted to in all cases provided there is enough documentary evidence for having got the need assessment study done either

internally or through reports from secondary source which can be termed as credible

9.4. Units may identify their CSR activities as per Para 9.2 & 9.3 above. CSR Project proposals (Centralized and Unit specific) in accordance with the guidelines contained in this document shall be prepared in the format at **Annexure-1** and forwarded to the Below Board level Committee for consideration. However, such projects should be within the areas specified in Para 5.1 above. Below Board Level CSR and SD Committee will consider such proposals found meeting the requirements of this policy

9.5. The centralized project proposals shall be initiated by the Nodal Officer and the Unit specific projects by the Unit Head

10. PROJECT APPROVAL

10.1. The Below Board Level CSR and SD Committee shall evaluate the proposals as per the selection guidelines given in this document and recommend the projects to Board Level CSR & SD Committee

10.2. The Nodal Officer, who is also the Member Secretary of the Board Level CSR and SD Committee, shall put up the Board Level CSR and SD Committee's recommended proposals, to the Board for approval

10.3. The Nodal Office shall communicate the approval status of the projects to the implementing office/ Unit for initiating the project execution.

10.4. The Board Level CSR and SD Committee shall meet at least twice in a year for the review and approval of the projects.

11. PROJECT EXECUTION

11.1. Execution of CSR project can be taken up through suitable partnerships with State Governments, PSUs, NGOs, Private Companies. As

far as possible, BDL's manpower should be committed only for monitoring and supervision

11.2. While engaging / partnering with external agencies, care shall be exercised in selecting only such specialized agencies which have the necessary capabilities and expertise in the field. Specialized agencies may include Government departments, semi Government or Non Government Organizations (NGOs), autonomous organizations, professional consultancy organizations, registered Trusts/Missions, Community based organizations, self help groups, not for profit organization, Panchayati Raj institutions, academic institutes etc

11.3. At the end of each year, an Impact Assessment study through an internal/external agency will be organized

12. PROJECT MONITORING & REPORTING

12.1. The Nodal Officer shall submit quarterly reports regarding the progress in the implementation of CSR activities to the Board Level CSR and SD Committee.

12.2. The Below Board Level CSR and SD Committee shall meet once in a quarter, review the progress of the implementation of CSR activities. The Committee shall also consider the requests of the stake holders so received, if any and recommend as a proposal to Board Level CSR and SD Committee.

12.3. The Below Board Level CSR and SD Committee shall also review the continuation or otherwise of the ongoing centralized CSR initiatives and identification and adoption of fresh centralized CSR initiatives

12.4. The Below Board Level CSR and SD Committee shall also submit quarterly reports regarding the progress in the implementation of CSR Activities to The Board Level CSR and SD Committee

12.5. The Board's Report pertaining to a Financial Year Commencing on or after 1st day of April 2014 shall include an annual report on CSR containing particulars as Annexure of the Company's Annual Report

13. COMMUNICATION STRATEGY

13.1. Company shall establish regular dialogue and consultation with its key stakeholders (viz. nearby villagers and their representatives, NGOs, Government and Non Government agencies, Below Board Level CSR and SD Committee members etc.) to ascertain their views and priorities regarding the selection and implementation of CSR activities. However, the ultimate decision in the selection and implementation of CSR activities would be that of the Board of the BDL.

13.2. During important events such as launching a project, completion of a project or inauguration of a facility in the area of CSR, Corporate Communications Division shall give wide publicity to the event through invitation to the media personnel and issue of press release in the print media, TV channels etc.

13.3. The CSR initiatives of the company shall be displayed on the company's website by the Corporate Communications Division

13.4. Corporate Communication Division shall also bring out special articles on CSR initiatives of the company in the Corporate House Journal

13.5. As per SEBI guidelines disclosure of all CSR activities is mandatory. Accordingly, the CSR initiatives of the company shall be included in the Annual Report of the company

13.6. The Board's report of the company pertaining to the financial year shall include an annual report on CSR containing particulars specified in Annexure II.

14. AMENDMENTS TO THE POLICY

14.1. Any or all provisions of CSR Policy would be subjected to revision/amendment in accordance with the guidelines / regulations on the subject as may be issued from government/ relevant statutory authorities, from time to time.

14.2. The Board of Directors on its own and/or on the recommendation of CSR and SD Committee reserves the right to modify, cancel, add or amend any provision of the policy as and when required deemed fit.

ANNEXURE 1

CORPORATE SOCIAL RESPONSIBILITY

Project proposals

1. Name of the Office / Unit
2. Title of the proposed CSR Project (with location)
3. Project Objectives :
4. Project addresses the area (s): (as per Schedule VII and Section 135 of Companies Act-2013)
 - i) Eradicating hunger, poverty and malnutrition promoting health care including 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 centers 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 resource and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for the rejuvenation of the river Ganga.
- v) Protection of natural 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 arts and handicrafts.
- vi) Measures for the benefits of armed forces veterans, war widows and their dependents.
- vii) Training to promote rural sports, Paralympics sports and Olympic sports.
- viii) Contribution to Prime Ministers Relief Fund or nay other fund set up by the Central Government for Socio-economic development and relief and welfare of the Schedule Caster, the Scheduled Tribes, other backward classes, minorities and women.
- ix) Contribution 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:
Explanation-For the purpose 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,

5. Brief description of the Project :

6. Justification :
7. Implementation methodology :
8. Implementation schedule with Project Timeframe :
(Approx. time to complete the Project-with milestones)
9. Benefits to the stakeholder :
 - i) Tangible
 - ii) Intangible
10. Benefits to the organization :
 - i) Tangible
 - ii) Intangible
11. Financial Requirements (Rs. Lakh) :
12. Year wise Fund Requirement

**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 project or program Sub-heads: (1) Direct Expenditure on projects or programs. (2) Overheads	Cumulative expenditure upto the reporting period.	Amount spent : through implementing agency
1							
2							
3							
	Total						

*Give details of the 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(1) of section 380 of the Act] (wherever applicable)
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BDL POLICY ON SUSTAINABLE DEVELOPMENT

1. "Sustainable Development" is defined as development that meets the needs of the present without compromising the ability of future generations to meet their own needs. In this context, BDL has adopted the following Policy Statement, which incorporates BDL's Principles on Sustainable Development.
2. The Company is committed to achieve the economic, ecological and social responsibility objectives of Sustainable Development through its varied business operations and activities.
3. As an Environmentally responsible Company, BDL commits itself to take all necessary initiatives towards optimization and continuous reduction in utilization of natural resources and also manmade resources.
4. The Company is determined to focus its attention to achieve the goal of "Reduce, Reuse and Recycle" in its entire operations / processes for Sustainable Development. The Company is committed to put in continuous efforts towards renewable resources to avoid depletion of natural resources.
5. The Company shall comply with all legal / regulatory requirements related to Environment protection, management and Sustainable Development. Company shall have regular monitoring programme to assess its performance of environment management and Sustainable Development.
6. The Company shall identify hazardous processes, assess its risk and determine appropriate control measures to minimize the impact on Environment. Impact minimization process shall follow Elimination, Substitution, Engineering control methods.
7. Environmental friendly Processes / operations shall be given high priority while selecting or introducing any new process, operation or product or service. Efficient processes are opted in order to minimize impact on environment.
8. Energy efficiency is given high priority for selecting or changing over to new system to have less carbon emission initiatives. Company already stepped in greener energy to minimize its carbon foot printing and shall bank more and more on greener or renewable energy.
9. Company shall initiate environment management programmes to minimize impact on environment. This shall be a continuous process. Introduction of cleaner technology, elimination of hazard, complying with legal requirement and resource conservation, etc. shall be the impetus areas of Company's environment management programmes.
10. Budgetary resources as required will be allocated for the Company's Sustainable Development activities and projects. The project / activity wise budget allocation will be based on the project design and follow due assessment procedure.

11. The Company shall promote customer awareness in Environment management to minimize impact on Environment during usage of the Company's products. The Company shall persuade and encourage its business partners to move towards environment friendly processes right from design to disposal.