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**Table of Contents**

<b>1. INTRODUCTION .....</b>	<b>2</b>
<b>2. COMPANY'S PROPOSED CSR POLICY .....</b>	<b>2</b>
<b>2.1 Vision And Mission Of CSR Policy.....</b>	<b>3</b>
<b>2.2 Activities To Be Undertaken By Company Under CSR .....</b>	<b>3</b>
<b>2.3 Administrative Setup .....</b>	<b>5</b>
<b>2.4 Mode Of Execution Of Csr Activities .....</b>	<b>6</b>
<b>2.5 Monitoring Of Csr Activities: .....</b>	<b>6</b>
<b>2.6 Reporting .....</b>	<b>6</b>
<b>2.7 Funding Of CSR Activities .....</b>	<b>7</b>
<b>2.8 General .....</b>	<b>8</b>



## **1. INTRODUCTION**

Cross Border Power Transmission Company Ltd (here in after to be referred as CPTC or Company) is a Joint Venture company of IL&FS Energy Development Company Ltd. (IEDCL), Power Grid Corporation of India Ltd. (POWERGRID), SJVN Ltd. (SJVN) and Nepal Electricity Authority (NEA) and was incorporated under Company Act 2006 on 19th December 2006.

The main objective of CPTC inter alia includes to engage in the business of building, maintaining and operating transmission systems between India and neighbouring countries like Nepal, Bhutan, Bangladesh, Myanmar, Sri Lanka and Pakistan for the purpose of export and import of electricity, transmission of data and other related business.

The Company has Developed and Constructed 400 Kv D/C Muzaffarpur-Sursand Transmission Line, which is 90 Kms long on India side (here in after to be referred as the “Project”) of 400 KV D/C Muzaffarpur-Dhalkebar Indo-Nepal Cross Border Transmission Line. The line is under commercial operation since 19<sup>th</sup> Feb. 2016.

Section 135 of the Companies Act 2013, which has become effective w.e.f. 1st April 2014 Notified the Company Social Responsibility (CSR) Rules in addition to CSR provision of the Company Act. It envisages that the companies 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 three preceding financial years. CPTC has crossed the threshold of 5 cr of profit at FY 2016-17. Thus provisions section 135 of Companies Act, 2013 become applicable to CPTC from 01st April 2017 and the Company is required to formulate its Corporate Social Responsibility (CSR) Policy

## **2. COMPANY’S PROPOSED CSR POLICY**

Company is on threshold to develop its Corporate Social Responsibility (CSR) Policy. The objective of the Company’s CSR is to demonstrate & implement Company’s commitment to its Stakeholders to conduct its business in an economically, socially and environmentally sustainable manner that is transparent and ethical.



Stakeholders of Company include persons directly impacted by the activities of CPTC, employees, investors, shareholders, customers, business partners, clients, civil society groups, Government and non-Government organizations, local communities and their public representatives, Gram Sabhas and Panchayati Raj Institutions (PRIs) and society at large.

## **2.1 Vision And Mission Of CSR Policy**

### **Vision**

To be a Corporate that sets a long term strategy for Social & Economic Development of communities through initiatives in rural development, education, skill development, health and other areas of national importance and adhere to sustainable environmental practices.

### **Mission**

To align CSR policy with the Company's business policy so as to conduct business in a sustainable manner adhering to the principles of Avoidance, Minimization and Mitigation in dealing with environmental and social issues and to undertake high impact community development projects of national and local importance in consultation with stakeholders

## **2.2 Activities To Be Undertaken By Company Under CSR**

Transmission lines projects are environmentally clean and do not involve any disposal of waste, effluents and hazardous substances on land, air and water. However, transmission line projects have some localized impacts on villagers on whose lands transmission towers are erected & conductors are strung. The transmission utility can erect and construct towers by obtaining Right of Way, without actually acquiring the land. However, all damages due to transmission line activities such as damage to crops & trees, whenever transmission lines pass through agriculture fields or forest areas are compensated at market rate and as per the Govt. notifications issued from time to time. Thus, the main focus of Company CSR would be on the activities that benefit persons directly impacted by such activities of Company' transmission line business as well as activities that help to reverse any adverse impact on the environment and ecology.



The Company's thrust under CSR activities shall be consistent with the CSR provisions of Schedule VII of the Companies Act 2013, CSR Rules, the Guidelines and the policy directions issued by the Government from time to time. The focus would be on initiatives that promote Inclusive Growth and 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, economically weaker sections, etc.

Endeavour shall be made to promote sustainable development through initiatives by conducting business in a manner that is beneficial to both business and society. Sustainability initiatives would include steps to avoid operations in environmentally sensitive areas, application of efficient and safe technology practices, abate pollution in all activities and operations, minimize energy losses and promote energy efficiency.

Under the Company's CSR, preference would be given to the stakeholders directly impacted by its operation. Since such stakeholders are generally located in the periphery of the commercial operations of the Company, CPTC will accord priority for CSR activities in the local areas and neighbourhood areas of its operations such as along the transmission line corridor.

The Company will take into account its commitment to its stakeholders while selecting CSR activities provided such activities qualify as CSR activities under the Act 2013. CSR projects or programs or activities undertaken only shall amount to CSR expenditure. However, the following activities will not be considered as 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.
- (iii) Activities taken up under R&R.
- (iv) Contribution of any amount directly or indirectly to any political party.
- (v) Activities which the Board considers ad hoc and philanthropic in nature.



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- (vi) Any activity not approved by the Board or Competent Authority as decided by the Board.

### **2.3 Administrative Setup**

#### **Role of the Board of Directors:**

- (i) The Board shall constitute a CSR Committee consisting of three or more Directors, out of which at least one Director shall be an Independent Director.
- (ii) Approve the CSR Policy for the Company.
- (iii) Disclose the contents of the Company CSR Policy in the Report of the Board of Directors.
- (iv) Ensure placing of the contents of the Company CSR Policy on the website of the Company.
- (v) Ensure that the CSR Policy is implemented. For this purpose it may approve the modalities and administrative arrangements required by the Management within the Company to achieve the goals of CSR and have them incorporated into the CPTC CSR Rules to be framed for the Company
- (vi) Approve the methodology proposed by the CSR Committee for transparent monitoring the progress of implementation of the CSR activities. The Board will decide the periodicity of Reporting to it the progress in implementation of the CSR activities.
- (vii) Ensure that the Company spends annually at least two percent of the average net profit made during the three immediately preceding financial years on CSR Policy. [Average Net Profit must be calculated as provided for in Section 198 of the Act 2013.]
- (viii) Disclose the composition of the CSR Committee in Report of the Board of Directors.
- (ix) Make a mention in detail about the CSR policy and its implementation during the year in Report of the Board of Directors.
- (x) When the Company fails to spend the specified amount for CSR activities the Board must specify the reasons for inability to spend the said sum, in the above mentioned Report of the Board of Directors.
- (xi) The Board may delegate powers for ensuring implementation of the CSR Policy as it deems necessary.



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**Role of CSR Committee:**

- (i) Formulate and recommend to the Board, a CSR Policy,
- (ii) Indicate the activities to be undertaken by the Company as specified in Schedule VII
- (iii) Recommend the amount of expenditure to be incurred on the CSR as per provisions of the Act.
- (iv) Institute, with the approval of the Board, a transparent monitoring system for the CSR Policy.

**Internal Administrative Set-Up:**

The CSR Committee shall nominate CSR team for implementation and monitoring of CSR activities.

**2.4 Mode Of Execution Of Csr Activities**

The planning, implementation, monitoring and impact assessment of CSR activities shall be carried out by CSR team under the supervision of CSR Committee

**2.5 Monitoring Of Csr Activities:**

The CSR Committee will be responsible for setting up a transparent monitoring system of the CSR activities of the Company.

The Board may be kept informed regarding the progress in implementation of CSR Policy and activities.

**2.6 Reporting**

Role of the Board:

- (i) The Board's report on CSR activities pertaining to a financial year commencing on 1st Day of April 2017 shall include an annual report on CSR containing particulars specified in the Companies (CSR) Rules.
- (ii) The Board shall disclose the contents of the CSR Policy in its Report and also have the same placed on the website of the Company as per the particulars specified in the Annexure to the Rules.



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- (iii) If the Company fails to spend the specified amount for CSR activities the Board must specify the reasons for inability to spend the said sum in the above mentioned Report of the Board of Directors.

**Role of the CSR Committee:**

- (i) The CSR Committee will periodically submit reports on implementation of CSR Policy to the Board of Directors as directed by the Board.
- (ii) The CSR Committee will issue a responsibility statement, signed by the CMD, the Chairman of CSR Committee and Person specified under clause (d) of sub-section (1) of section 380 of Act 2013, that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

**2.7 Funding Of CSR Activities**

The Company will be required to spend annually at least two percent of the average net profit made during the three immediately preceding financial years on CSR Policy. [Average Net Profit must be calculated as provided for in Section 198 of the Act 2013.].

Any surplus funds arising out of CSR projects or programs or activities shall not form part of the business of the Company. The CSR Committee may recommend for approval of the Board schemes for utilizing such funds for CSR activities.

All expenditure incurred on the activities involved in the need assessment / baseline study, planning, implementation, monitoring and impact assessment of the projects will be included in the CSR expenditure, including expenditure on administrative overheads, but such expenditure shall not exceed five percent of total CSR expenditure of the company in one financial year.

The projects/activities sanctioned during previous years under CSR or sustainable development shall continue. Appropriate funds shall be provided to them till their completion.

CSR expenditure shall include all expenditure including contribution to corpus for projects or programs relating to CSR activities approved by the Board on



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recommendation of its CSR Committee, but do not include any expenditure on item not in conformity or not in line with activities which fall within the purview of Schedule VII of the Act. 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.

## **2.8 General**

This policy shall stand modified by the provisions of the Companies Act / Companies (CSR) Rules as amended from time to time and Government guidelines as and when these are in place and made enforceable.

This policy would serve as the referral document for planning and selection of CSR activities, though, whenever in doubt, cross reference to Companies Act & Companies (CSR) Rules is advised to avoid any inconsistency with the latter.

The power to modify /amend the CSR Policy will rest with the Board of Directors.

The Managing Director (Director In charge) will be responsible for framing the Rules in accordance with and in furtherance of the CSR Policy 2017, as approved and as amended by the Board from time to time and also for the overall implementation of the CSR Policy, 2017.