

BHUSHAN POWER & STEEL LTD

CORPORATE SOCIAL RESPONSIBILITY POLICY

Policy Objective

- 1.1 The Objective of this Policy is to create a framework for the CSR programs of Bhushan Power and Steel Limited. (“BPSL/The Company”)
- 1.2 BPSL fully recognizes its commitment to the environment and community development. We have demonstrated high levels of engagement among the communities around our operations right from inception and have been concentrating on projects related to rural development.
- 1.3 However, with the new provisions under the Companies Act 2013 and CSR Rules 2014 there is a need to re-align the CSR strategy in order to create meaningful and sustainable value for both business and the community in which we operate. BPSL is realigning its CSR focus to meet and exceed the requirements as per Section 135 of the Companies Act 2013 and guidelines thereof.
- 1.4 BPSL’s CSR budget for the year 2014-15 is approximately **Rs. 16crores** (2% of average of net profit of last 3 years).
- 1.5 The CSR policy document has been prepared in accordance with section 135 of the Companies Act, 2013 and on the basis of particulars being laid down under CSR Rules 2014. The CSR policy, among other things, provides details on how the CSR budget would be utilized during FY 2014-15 and what will be the mechanisms to monitor the progress of the activities undertaken during the year.

Policy Implementers

- 1.1 The cross-functional team designated for steering the CSR Committee are the primary owners of this policy
- 1.2 The CSR Committee, the Board and management of the Company.

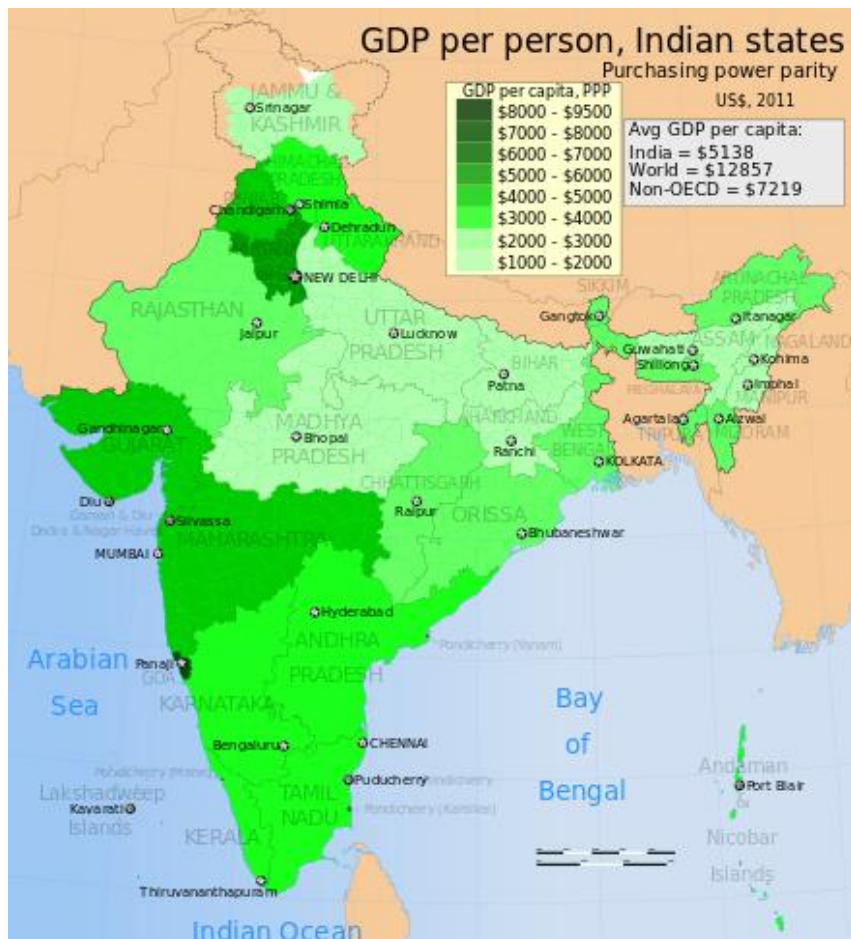
Primary Audience

- 1.1 Communities and beneficiaries of the Company’s CSR initiatives
- 1.2 Ministry of Corporate Affairs
- 1.3 Indian Institute of Corporate Affairs.

Scope

- 1.1 During the year 2014-15, BPSL will concentrate its CSR efforts in the State of Orissa based on the fact that Orissa has the lowest per capita income and GDP when compared to the other plant locations, namely Chandigarh, Punjab and West Bengal.
- 1.2 The Company has taken a conscious decision to concentrate its CSR efforts around the Orissa plant since Orissa has the lowest per capita income and GDP when compared to the other plant locations:

Rationale for concentrating CSR activities in Orissa



India's average GDP per capita on PPP basis in 2009, according to The Economist, was US\$ 5,138, with significant variation among its states and union territories. Chandigarh had the highest per capita PPP GDP at US\$ 9,345, while Bihar the lowest with per capita PPP GDP of US\$ 1,019 as of 2009.

Among the States that BPSL operates in, Orissa has the lowest per capita income and this is the reason for the company to concentrate its activities around its Orissa Plant.

Responsibilities of the CSR Committee

- 1.1 To spend statutorily required amount which is at present 2% of the average of the net profit of the last 3 years
- 1.2 Define areas to work in, projects and allocated spends herewith.
- 1.3 Define measures of success
- 1.4 Define implementation schedule and targets to review
- 1.5 Review performance as per stated targets regularly.

Policy Statement:

BPSL is committed to creating a positive impact on the lives of people and the ecology in and around the areas of its operations. In order to achieve this, BPSL will follow a strategic approach to maximize the benefit to society at large.

During the year 2014-15, BPSL will concentrate its CSR efforts in the State of Orissa based on the fact that Orissa has the lowest per capita income and GDP when compared to the other plant locations, namely Chandigarh, Punjab and West Bengal.

Programmes Identified under CSR:

BPSL has been working extensively in the state of Orissa in various areas. For FY 2014-15, the Company has identified the following areas to focus on Rural Development, Education, Water, Environment & Ecology, Preventive Healthcare and Women Empowerment.

Details of Projects identified for 2014-15 against a budget of approxRs16.20 crores (2% of the average of the profit of the last three years):

Area of Work	Project	Budget Outlay 2014-15	Need based on	Parameter of success
Rural Development	Bus stand in Sambalpur* with 150 local buses and 30-40 luxury busses daily	Rs 4.00 Crores	Request from District Administration and representation from community	<ul style="list-style-type: none"> • Convenience • Livelihood • Accommodation of more passenger vehicles • Beautification of the area
	Road and ponds construction	Rs 5.00 Crores	Request from RPDAC and representation from community	<ul style="list-style-type: none"> • Convenience for communication • Livelihood
Education	Construction of Boundary wall around school premises at Lapanga, Khadiapali, Bansimal, Benjiberna, Bomaloi, Gumkaruma Angan wadi-2 Nos	Rs 0.60 Crores	Local requirement	<ul style="list-style-type: none"> • Development in education • Eradication of illiteracy • Infrastructure development
Water	Providing Tankers Laying Pipeline	Rs 1.50 Crores Rs 2.50 Crores	Community requirement	<ul style="list-style-type: none"> • Livelihood • Hygienic drinking water • Convenience for villagers
Environment & Ecology	Tree Plantation Maintenance	Rs 0.60 Crore Rs 0.25 Crore	Pollution control measure Ecological development	<ul style="list-style-type: none"> • Rate of survival of trees
Preventive Healthcare	Health camps (6) Other seasonal activities like Malaria,Dengue	Rs 0.50 Crore Rs 0.25 Crore	Community Need	<ul style="list-style-type: none"> • Health care support • Convenience for villagers
Women Empowerment	Capacity Building	Rs 1.00 crores	Survey conducted by NGO ORRISIS	<ul style="list-style-type: none"> • Number of women empowered

Total		Rs 16.20 Crores		
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Important Note:

1. Monitoring process for all of the above projects will entail an Impact Assessment study conducted by an independent agency
2. Any surplus income or funds arising from any or the above activities will be ploughed back into any of the above CSR activities as per need and will not be considered as a part of profit by BPSL.
3. The implementation of the above projects are subject to requisite permission/sanctions from the respective authority wherever required.

Annexure: Reference to Supporting Materials

Section 135 of Companies Act 2013

135. (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.

(4) 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 (a) 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.)

Schedule VII (as of August 2014):

- 1 Eradicating hunger, poverty and malnutrition, promoting preventive healthcare and sanitation and making available safe drinking water;
- 2 Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;

- 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 facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- 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;
- 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;
- 6 Measures for the benefit of armed forces veterans, war widows and their dependants;
- 7 Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;
- 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 Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- 9 Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- 10 Rural and Slum development projects.

Note : the Schemes undertaken by the Company are subject to schemes notified by the Govt of India, Ministry of Corporate Affairs from time to time.