

CORPORATE SOCIAL RESPONSIBILITY POLICY

(under Section 135 of the Companies Act, 2013)

Approved by the Board of Directors at its 57th meeting held on 22nd May, 2015

1.0 SHORT TITLE AND COMMENCEMENT:

This policy may be called “ONGC Tripura Power Company Limited” Corporate Social Responsibility Policy and shall have retrospective effect from 1st April 2015.

2.0 DEFINITIONS

In this Policy unless the context otherwise requires:

- 2.01 ‘Act’ means Companies Act, 2013 .
- 2.02 Board’ means Board of Directors of the Company.
- 2.03 ‘Company’ means ONGC Tripura Power Company Limited.
- 2.04 ‘Corporate Social Responsibility’ means and include but is not limited to :-
- (i) Projects or programs relating to activities specified in Schedule VII to the Section 135 of Companies Act, 2013 and applicable rules therein as amended from time to time and will include sustainable development projects or program.
 - (ii) Projects or programs relating to activities undertaken by the Company in pursuance of recommendation of the CSR Committee of the Board as per declared CSR Policy of the Company subject to the condition that such policy will cover subjects enumerated in Schedule VII of the Act.
- 2.05 ‘CSR Committee’ means Corporate Social Responsibility Committee of the Board formed in accordance with provision of Section 135 of the Act and Rules made thereunder.
- 2.06 ‘Net’ profits means the net profit of the Company as per its financial statement prepared in accordance with the applicable provisions of the Act subject to adjustment as per Section 135 of the Act and Rules made thereunder.
- 2.07 ‘Rules’ means Companies (Corporate Social Responsibility Policy) Rules 2014 as amended from time to time;

Word and expressions used in this CSR Policy and not defined herein but defined in the Act shall have the meaning respectively assigned to them in the Act.

3.0 PREAMBLE

The Corporate Social Responsibility (CSR) is a company's commitment to its stakeholders to conduct business in an economically, socially and environmentally sustainable manner whereby organization serve the interests of society and create positive and lasting social impact by addressing various needs of the society through its CSR programs.

Section 135 of the Companies Act, 2013 notified as effective from 1st April,2014 requires the certain class of companies to constitute a CSR Committee consisting of three or more directors out of which at least one director shall be an independent director. Accordingly the Board of Directors of the Company in its 52nd meeting held on 4th August, 2014 has constituted a CSR committee consisting three directors including MD and Independent Director.

OTPC believes its responsibility to contribute to the communities of the area in which company has its operation and to create positive and lasting social impact by addressing various needs of the society through its CSR programs and that is why the Company has been undertaking CSR initiatives on voluntary basis for promoting education, sports and health in nearby areas of the Company's power project in Palatana for last three years, well before the Company started its commercial operations and the CSR expenditures made mandatory by the Companies Act, 2013.

This Policy will serve as a referral document for planning and selection of CSR activities, though, whenever in doubt, cross reference of the Act and the rules made thereunder is advised to avoid any inconsistency with the latter.

The Policy aims to fulfill following objectives:

- (a) Establishing a guideline for compliance with the provisions of Regulations to dedicate a percentage of Companies profits for social projects.
- (b) Ensuring the Implementation of CSR initiatives in letter and spirit through appropriate procedures and reporting
- (c) Creating opportunities for employees to participate in social responsibility initiatives.

4.0 CSR Activities

The focus areas of the CSR activities shall include following activities/projects /programs as notified under Schedule VII to Section 135 of the Act read with Rules made thereunder.

- (i) Eradicating hunger, poverty & malnutrition, promoting health care including preventive health care & sanitation including contribution to Swach Bharat Kosh set up by the Central Government for the promotion of sanitation & making available safe drinking water,

- (ii) Promoting education, including special education and employment enhancing vocation skills specially among children, women, elderly & the differently abled & livelihood enhancement projects;
- (iii) Promoting gender equality, empowering women, setting up homes & hotels for women and orphans, setting up old age homes, day care centres & such other facilities for senior citizens & measures for reducing inequalities faces by socially & economically backward groups;
- (iv) Ensuring environmental sustainability, ecological balance, protection of flora & fauna, animal welfare, agroforestry, conservation of natural resources & maintaining quality of soil, air & 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 & culture including restoration of buildings & site of historical importance & work of art; setting up public libraries; promotion & development of traditional arts and handicrafts;
- (vi) Measures for the benefit of armed forces veterans, war widows and their dependents;
- (vii) Training to promote rural sports, nationally recognized sports, paralympic sports & Olympic sports;
- (viii) Contribution to Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development & relief & welfare of the Schedules castes, the schedules tribes, other backward classes, minorities & women;
- (ix) Contributions 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 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.

Besides it may also include Sustainable Development Projects or programs based on the need of community.

5.0 The Geographic Reach & General Principles

The Act provides 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 .The Company will conduct CSR activities preferably in and around the area of its operations presently being Palatana in State of Tripura. However, the Board/

Committee may identify such other areas in addition to above, as it may deem fit, for undertaking CSR activities.

OTPC shall take into account following broad principles while undertaking any CSR activity:

- 5.1 Consult pro-actively with the community and other key stakeholders for understanding needs and designing initiatives for the social well-being of the community. Wherever necessary, the local authorities and specialized agencies should also be consulted and involved.
- 5.2 The main focus of the CSR Policy would be undertaking the activities that benefit the society as a whole as well as the activities that will help to reverse any adverse impact on the environment and ecology and to promote sustainability.
- 5.3 CSR activities shall be undertaken as projects, programs (either new or ongoing) excluding activities which are required to be undertaken in pursuance of the normal course of business of the Company.
- 5.4 CSR activities are undertaken within India.

6.0 CSR Committee - Constitution

- 6.1 The Board of Directors of the Company shall undertake CSR activities, through a Board level Committee called 'CSR Committee' and the Committee shall function as per Terms of Reference specified in the Act, Rules made thereunder as amended from time to time and as decided by the Board.
- 6.2 The CSR Committee will consist of three or more Directors, out of which at least one shall be independent director(s) and another shall be Managing Director of the Company. The Board of the Company may nominate other directors on the CSR committee in addition to above in accordance the requirement of the Companies Act, 2013 and Rules made thereunder.
- 6.3 The Chairman of the Committee may either be appointed by the Board or in case Board does not appoint Chairman, the members of the Committee shall select one of them to be Chairman of the Committee.
- 6.4 The Board's report under sub-section (3) of Section 134 of the Act shall disclose the composition of the CSR Committee.
- 6.5 The CSR Committee may function with the help of OTPC inhouse internal monitoring group/Corporate CS Team/ subcommittee consisting of employees of the Company as may be nominated by the Committee/ Managing Director from time to time.

7.0 Role of the CSR Committee

- 7.1 formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the company.
- 7.2 Recommend the amount of expenditure to be incurred on the CSR activities.
- 7.3 Monitor the CSR Policy of the company from time to time.
- 7.4 Implement the CSR projects with the involvement of OTPC personnel.
- 7.5 Such other activities as are incidental for implementing the CSR projects in line with the requirements of the Companies Act, 2013.
- 7.6 Committee shall place on record the CSR activities undertaken during the year in the Annual Report to Board. ”

8.0 Meetings of CSR Committee

- 8.1 The Committee will meet with such frequency as may be specified under the Act or in absence, at least twice a year to discuss, approve, recommend and review CSR activities/programs & Policy and to take necessary decisions with respect to implementations of CSR programs of the Company.
- 8.2 A quorum of minimum two members is required to be present for the proceedings to take place. The Committee shall be at liberty to pass a resolution which shall be evidenced in writing and passed by majority after being circulated.
- 8.3 The Committee members may attend the meeting physically or via such audio-visual means as permitted under the Act.
- 8.4 The committee shall have the authority to call such employee(s), senior officials(s) and or externals, as deem fit to the meeting. The Company secretary shall act as Secretary to the Committee.

9.0 Annual Spends/Allocation of Funds

- 9.1 CSR Committee will identify suitable projects for implementation in line with policy approved by the Board and requirements laid down under the Act. These projects would be executed either directly by the Company and/or through specialized agencies in CSR field with established track record.
- 9.2 The CSR Budget shall be fixed for each financial year as part of annual budget of the Company. All expenditure to be 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 budget.

- 9.3 The list of CSR projects/programmes which the Company plans to undertake during the implementation year will be laid down before the Committee at the beginning of each financial year alongwith the budget, specifying modalities of execution and implementation schedules for the same.
- 9.4 The Company would spend not less than 2% of the average Net Profits of the Company made during the three immediately preceding financial years. The surplus arising out of the CSR activity will not be part of business profits of the Company. The corpus would thus include 2% of average net profits, as aforesaid, any income arising there from and surplus arising out of CSR activities if any.
- 9.5 As per current authorization by the Board vide its 52nd BOD held on 4th August, 2014, CSR Committee will consider and approve CSR project up to the value of Rs. 25 lac/per project with ceiling of Rs. 2.5 crore per annum. Any project above said value shall be put up by the Committee to the Board for consideration alongwith its recommendations. The authorization to the Committee may be changed by the Board of Directors at its sole discretion and such change will be deemed to have formed part of this Policy.
- 9.6 All reasonable efforts will be made to ensure that the annual CSR allocation is fully utilized in the respective year. However, if the Company fails to spend mandatory allocation as per Act, the Board of Directors shall, in its report under clause (o) of sub-section (3) of section 134 of the Act, specify the reasons for not spending the amount.
- 9.7 However if the Company ceases to be covered under sub-section (1) of Section 135 of the Act for three Financial years, than it shall not be required to, comply with the provisions laid down under sub-section (2) to (5) of the said section, till such time it meets the criteria specified in sub-section (1) of the Act. During this period the Company may opt to undertake CSR activities on voluntary basis.
- 9.8 Tax treatment of CSR spend will be in accordance with the Income Tax Act, 1961 as may be notified by the Central Board of Direct Taxes (CBDT).
- 9.9 Unspent CSR mandatory budget of any year, if any, along with any surplus arising out of any CSR activity undertaken will be carried forward and shall be available for spending on CSR activities along with the budget for the succeeding year.
- 9.10 The following expenditure shall not be considered CSR Expenditure for the purpose of the Act and Rules made thereunder.
- (i) Expenditure on CSR projects/ programs / activities undertaken outside India
 - (ii) The CSR projects/programs/activities that benefit only the employees of the company and their families
 - (iii) Contribution of any amount directly or indirectly to any political party.

- (iv) Activities undertaken pursuant to the normal course of business of the company.
- (v) Any activity not approved/ratified by CSR Committee/Board or official/authority delegated by Committee/Board.

10.0 Monitoring Mechanism

- 10.1 The execution of identified CSR projects, programs and activities under it shall be carried out by the Company with the help of internal monitoring group/Corporate CSR team /subcommittee/ specialized agencies under the superintendence and guidance of Managing Director who will be one of member of Committee or such other person as may be authorized by the Committee.
- 10.2 The internal monitoring group/Sub Committee shall submit its report on a quarterly basis to the CSR committee formed under the Act. The CSR Committee shall monitor the administration of the CSR programs undertaken by internal monitoring group.
- 10.3 Appropriate documentation with respect to execution of CSR activities, will be ensured by internal monitoring group/subcommittee on a regular basis which shall also include a Completion Report/Certificate from beneficiary listing interalia, the impact and benefit of the CSR activity and number of person benefitted. The report shall be made available to the CSR Committee/Board as and when required.
- 10.4 Initiatives undertaken on the CSR front will be reported in the annual report of the Company.
- 10.5 The Internal monitoring group/ Sub Committee or persons authorized by CSR Committee will conduct due diligence checks on the CSR projects on quarterly basis to report anomalies, if any immediately.

11.0 Ancillary Activities

The Committee, if thinks fit may take steps:

- 11.1 To publicize the CSR Policy and initiatives including through mailers, screensaver and Policy documentation and uploading on website.
- 11.2 Plan and publish an annual calendar of major events so as strive for maximum participation of stakeholders.
- 11.3 To plan and carry out workshops to increase employee awareness on various projects and initiatives.
- 11.4 To build CSR capacities of its personnel and/or those of its implementing agencies through Institutions with established track records but such expenditure

shall not exceed 5 % of total CSR expenditure of the Company in one financial year.

- 11.5 To undertake such other activities as directed by the Board of Directors of the Company and/or as deemed appropriate and expedient by the committee for the furtherance of CSR objectives of the Company, in pursuance with the Act and Rules made thereunder.
- 11.6 To collaborate or pool resources with other companies to undertake CSR activities within India. Only activities which are not for the exclusive benefit of employees of the Company or their family members shall be consider as CSR activity.
- 11.7 To obtain professional advice from external sources and have full access to information contained in the records of the Company as well as the powers to call any employee / external consultant or such other person(s) and for such purpose as may be deemed expedient for the purpose of accomplishments of overall CSR objectives laid down under the Act.

12.0 Projects / Partners

- 12.1 For Optimal use of resources, the Company may join hands with other Companies, CPSEs for relatively big projects which would have greater visibility more number of beneficiaries and long term visible impact.
- 12.2 The Company can supplement the efforts of the Government if it is assessed that the resource gap and inadequate capacities are critical constraints in achieving the targets/ goals of a particular government scheme/ initiative/welfare project.
- 12.3 The Company may either implement the CSR projects/programs by itself or through external specialized agencies meeting the following criteria:
 - (i) The CSR Agency (s) has a permanent office/address in India :
 - (ii) The CSR Agency(s) is a Trusts, Societies, or Section 8 Company having an established track record of three years in undertaking similar CSR programs or projects in pursuance with the relevant regulations;
 - (iii) The CSR Committee or the competent authority of the company has specified the project or programs to be undertaken through these entities, the modalities of utilization of funds on such projects and programs and the monitoring and reporting mechanism.
 - (iv) Possesses a valid Income-Tax exemption Certificate.
 - (v) The antecedents of the CSR Agency are verifiable.

- (vi) Have requisite framework to report progress/ status of the projects on a quarterly basis on agreed parameters.
- (vii) Maintain a required level of auditable records on the CSR initiatives conducted in conjunction with OTPC as agreed mutually.

Once the project/program is approved, OTPC and CSR partners/agencies will be required to enter into an agreement / MOU as per requirements.

13.0 Review and Reporting

The CSR Committee will review the CSR activities of the Company and will provide progress update to the Board of Directors every six months/such other intervals as deemed fit.

The Company will report, in the prescribed format as set out herein as **Annexure I**, the details of CSR initiatives and activities of the Company in the Directors report and on the website of the Company, as required under the regulations.

14.0 Amendments to the Policy

The Board of Directors on its own and/or as per the recommendations of the CSR Committee can amend this Policy, as and when required as deemed fit. Any or all provisions of the CSR Policy would be subject to revision/ amendment in accordance with the Regulations on the subject as may be issued from relevant statutory authorities, from time to time.

Annexure I
Format for the Board of Directors Report on CSR to form part of the Annual Report and website of the Company

1. Brief outline of 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 CSR Committee.
3. Average Net Profit of the Company for last three financial years
4. Prescribed CSR Expenditure (two % of the amount as in item No. 3 above)
5. Details of CSR spent during the Financial Year
 - a. Total amount to be spent for the financial year
 - b. Amount unspent
 - c. Manner, in which the amount spent during the financial year is detailed bellow:

S.No.	CSR Project/activity	Sector in which the project is covered	Projects/Programs 1. Local area/ others 2. Specify the State and district where projects or programs where undertaken	Amount outlay (budget) project/ programs wise	Amount spent on the project /programs Subheads: 1. Direct Expenditure on projects 2.Overheads	Cumulative spend upto the reporting period.	Amount spent: Direct/through implementing agency*

- Detail of the implementing Agency

6. In case the Company fails to spend the 2% of the Average Net Profit (INR) of the last 3 financial years, the reasons for not spending the amount shall be stated in the Board Report.
7. Responsibility Statement, of CSR committee, that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

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(CEO or Managing Director or Director)

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(Chairman CSR Committee)