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## CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

**December 2021**

**INDEX**

<b>Sr. No.</b>	<b>Contents</b>	<b>Page No.</b>
1.	Introduction	3
2.	Scope <ul style="list-style-type: none"><li>- Objectives</li><li>- Requirements</li><li>- Charter of CSR Activities</li><li>-</li></ul>	3-4
3.	Governance Framework <ul style="list-style-type: none"><li>- CSR Committee</li><li>- Composition of CSR Committee</li><li>- Undertaking CSR Activities</li><li>- Roles and Responsibilities</li><li>-</li></ul>	4
4.	General Guidelines for Grants: <ul style="list-style-type: none"><li>- Project Selection and Management</li><li>- Grant Application Process</li><li>- Grant Appraisal Process</li><li>- Grant Approval Process</li><li>- Project Implementation</li><li>- Project Monitoring &amp; Evaluation</li><li>- Project Reporting</li></ul>	5-7

## **INTRODUCTION**

HEFA incorporated on 31<sup>st</sup> May 2017, is a joint venture of Ministry of Education, GOI and Canara Bank with an agreed equity participation in the ratio of 91% and 9% respectively. HEFA is registered under Section 8 [Not-for-profit] of the Companies Act 2013 as a Union Govt company and as Non-deposit taking NBFC (NBFC-ND-Type II) with RBI on 21.11.2017.

The Main objective of HEFA is to finance the infrastructural needs of Higher Educational Institutions in India coming under MOE viz., IITs, IIMs, NITs. IIITs. ISERs, Central Universities, Kendriya Vidyalas and Navodayas and Health institutions like AIIMS coming under MoH&FW.

*The Section 135 of the Companies Act 2013 is applicable to every company, including Section 8 Company, with net worth of INR 500cr (INR 5bn) or more, or a turnover of INR 1000cr (INR 10bn) or more, or a net profit of INR 5cr (INR 50m) or more during any of the three preceding financial years. Under this section of the Companies Act 2013, in every financial year, such company must allocate at least 2% of its average net profits made during the 3 immediately preceding financial years.*

*It must also constitute a CSR committee, formulate a CSR policy, recommend CSR expenditure amount, monitor policies and activities and report to the Board of Directors. The Board must approve the CSR policy; disclose its contents on HEFA's website and include the CSR Report in the Annual Report.*

This Policy was approved by the Board of Directors of HEFA in the meeting held on 21.05.2019 and shall be reviewed annually.

## **SCOPE**

## **OBJECTIVES**

The Main Objects of HEFA is directly related to the 'Promotion of Education' (which is one of the permitted activities under CSR Rules 2014 ) by providing financial assistance through loans to Higher Education and centrally funded institutions.

*The broad objectives of this CSR Policy is to;*

1. Establish uniform standards and procedures for the planning and implementation of CSR activities of HEFA.
2. Ensure that all CSR activities are conducted in a transparent and efficient manner in compliance with government regulations & Corporate Responsibility strategy of HEFA.

## **REQUIREMENTS**

HEFA shall set up a separate CSR desk / department with adequate resources headed by an executive to undertake all the activities related to CSR.

## **CHARTER OF CSR ACTIVITIES**

The Ministry of Corporate Affairs has published a list of activities eligible for CSR Activities. From the given List, HEFA adopts the "Promoting Education" as its primary initiative under CSR Activities.

As per Ministry of Corporate Affairs General Circular No. 10/2020 dated 23.03.2020, spending of CSR funds for COVID-19 is an eligible CSR activity, and it is further stated that spending of CSR funds for 'creating health infrastructure for COVID care', 'establishment of medical oxygen generation and storage plants', 'manufacturing and supply of Oxygen concentrators, ventilators, cylinders and other medical equipment for countering COVID-19' or similar such activities are eligible CSR activities under item nos. (i) and (xii) of Schedule VII of the Companies Act, 2013 relating to promotion of health care, including preventive health care, and, disaster management respectively. HEFA shall seek to provide funds for COVID relief as a part of its CSR activity.

### HEFA's CSR activities will focus on;

- i. Promoting Research & Development in Higher Education and all Centrally Funded Education institutions in India.
- ii. Any other activity directly or indirectly related to promoting Education / Research & Development in any other institution.

HEFA will also be free to adopt any other activity listed in the Schedule VII under Section 135 of the Companies Act 2013 (Annexure 1).

## **GOVERNANCE FRAMEWORK**

**CSR COMMITTEE:** This will be the apex body that will provide the overall direction, governance and financial sign-offs to the CSR programme being undertaken by HEFA in line with Section 135 of the Companies Act 2013 along with the corresponding rules.

## **COMPOSITION OF CSR COMMITTEE**

The CSR committee shall consist of three or more directors, out of which at least one director shall be an independent director as prescribed under the CSR Rules 2014.

## **UNDERTAKING CSR ACTIVITIES**

HEFA will undertake its CSR activities approved by the CSR committee.

## **ROLES AND RESPONSIBILITIES**

The responsibilities of the CSR Committee include:

- Sanctioning of CSR proposals.
- Recommending the amount of expenditure for the CSR activities to HEFA Board.
- Monitoring CSR activities from time to time.

## **GENERAL GUIDELINES FOR CSR GRANTS:**

### **PROJECT SELECTION AND MANAGEMENT**

As a general rule, to be considered for a grant, a grantee is required to be an Educational Institution or a non-profit organisation, registered under the prescribed rules and regulations, with an established track record of minimum three years in undertaking similar programmes and projects.

Selected grantees will execute the projects funded by HEFA under a well laid out Memorandum of Understanding including terms of reference, clear roles and responsibilities and project criteria.

The grantees will provide periodic progress reports and annually provide the following reports:

- Funds utilisation report with supporting documents
- Beneficiary progress report

While the CSR Committee will have the primary responsibility to identify potential CSR projects/ grantees, the employees in general are also encouraged to suggest/refer projects and grantees to the Committee.

**Initial Screening:** CSR department of HEFA will do an initial screening to establish minimum track record, general reputation, compliance status and alignment of a project to this policy.

**Referral to the CSR Committee:** once the initial checks are positive, the proposal will be referred to the CSR Committee for approval to invite the project/NGO to apply via the formal Grant Application process. An invitation to enter the formal grant application process does not imply that the project will be approved. This will be made clear to the applicants.

## **GRANT APPLICATION PROCESS**

1. Project applications should be made in a specified Grant Application Format.
2. Each request for approval should be made in a formal manner with original signatures and attachments for audit and record-keeping.
3. Each project should have provisions for monitoring and impact valuation and should provide periodic implementation reports.
4. Each project application is evaluated on its own merits to be in compliance with our purpose and objectives.
5. Funding levels are flexible and are dictated by the needs of the organisation and funding availability.

### **GRANT APPRAISAL PROCESS**

1. The duly filled in Grant Application Form will be submitted to the Committee.
2. The Committee or a subset (as the supervising Manager for a particular Programme) may request further information and documentation, as appropriate.
3. Due diligence checks and reviews on the organisation including field visits will be performed to ensure that it meets the criteria of our selection.
4. To mitigate reputational risks and ensure proper use of funds, a special screening may apply including those relating to anti-financial crime.
5. A thorough appraisal of the project design and objectives will be performed to ensure its feasibility.
6. The CSR Committee may ask for meetings with the Project representatives as part of its appraisal process.

### **GRANT APPROVAL PROCESS**

1. Once a project is identified and the selection criteria are fully met, the final project proposal will be discussed by the full CSR Committee.
2. The Committee will review the project application and HEFA will have the right to approve/reject the proposal or ask for more information/amendments in the proposal.
3. Upon in-principal approval by the Committee subject to all internal controls being satisfied, HEFA will enter into an MOU with the applicant for the project.
4. The proposed agreement will be sent to Legal, Compliance, Tax and where required to Anti-Financial Crime, for clearance. It will then be sent to the Committee for final approvals before it is presented to Finance for payment. CSR department will follow up for original copy of receipt or acknowledgement of payment.

### **PROJECT IMPLEMENTATION**

The Committee will determine the execution modality of a selected CSR programme including the details relating to the time period/ duration over which the particular programme will be spread and depending upon the nature of the programme, the extent of coverage and the intended impact of the programme. The execution modalities will be incorporated in the MOU signed between the grantor and the grantee.

## **PROJECT MONITORING & EVALUATION**

The CSR Committee will institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by HEFA.

The monitoring process will include the following;

1. Regular reports by the Grantee – funds utilisation reports, beneficiary progress report, intermediate and final impact reports, Audited annual reports
2. Annual monitoring visits
3. A separate project evaluation report

All CSR activities must be documented properly in line with this policy.

## **PROJECT REPORTING**

Half-yearly updates and an annual review of CSR projects will be sent to members of the CSR Committee and also furnished to the Board of Directors.

HEFA shall file with ROC an annual report of CSR activities undertaken along with the audited Financial Statements for the period under review.

## **CSR Grant budget for the Financial Year**

For each financial year, the CSR Committee will recommend and the HEFA Board shall approve a CSR expenditure budget calculated to be no less than the limit set up under the Companies Act, 2013.

The budget will be spent on the chosen projects as stated under this policy. The surplus, if any, arising out of the CSR expenditure shall also be expended in CSR activities as per this policy and such surplus shall not form part of business profits of HEFA.

The CSR Committee will provide a report to the Board on the utilisation of funds and achievement of project objectives for the year under review.

## Schedule VII under Section 135 of the Companies Act 2013

Activities which may be included by companies in their Corporate Social Responsibility Policies  
Activities relating to:—

- (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 the 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 centres 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, agroforestry, 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 rejuvenation of river Ganga.
- (v) 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 art and handicrafts;
- (vi) Measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widow;
- (vii) Training to promote rural sports, nationally recognized sports, paralympic sports and olympic sports
- (viii) Contribution to the prime minister's national relief fund 8[or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)] or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;
- (ix) (a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and  
(b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organization (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).
- (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.
- (xii) Disaster management, including relief, rehabilitation and reconstruction activities.