

## Corporate Social Responsibility

### *What are the CSR criteria?*

The CSR provisions are applicable to any company meeting one or more of the following criteria in the preceding financial year:

- Net worth exceeding Rs. 500 crore
- Turnover surpassing Rs. 1000 crore
- Net profit exceeding Rs. 5 crore

*When a company fails to meet any of these specified criteria in the preceding financial year, it is not obligated to comply with the CSR provisions outlined in the Companies Act. In such cases, the company is exempt from the mandatory CSR spending requirements, allowing it to focus on financial recovery and stability without the CSR obligation.*

Companies which failed to meet the mark and why did they fail.

### **Bharti Airtel Ltd.**

The CSR provision is applicable to the company, but the requirement to contribute 2% of the average net profit of the immediately preceding three years is not applicable. Despite this, the company voluntarily made CSR contributions during the FY 2022-23, with Bharti Foundation acting as the implementation agency for CSR initiatives on behalf of Bharti Airtel Ltd. A sum of 21.18 Mn was contributed to CSR and social development activities.

Due to losses in the immediate three preceding financial years, the company was not obligated to make CSR contributions under Section 135(5) of the Companies Act, 2013 for the financial years 2019-20, 2020-21, and 2021-22. However, demonstrating social responsibility, the company voluntarily contributed Rs 316.19 Mn, Rs 86.10 Mn, and Rs. 16.43 Mn in the financial years 2019-20, 2020-21, and 2021-22, respectively.

While Airtel was not required to submit formal CSR reports, given its voluntary contributions, proper data for CSR activities was not available for submission which was confirmed from the GOI website for CSR.

### **Quadrant Televentures Ltd.**

There are no amounts required to be spent towards Corporate Social Responsibility (CSR) in compliance Section 135 of the Companies Act. Accordingly, reporting under clause 3(xx)(a) and (b) of the Order is not applicable for the year.

### **Railtel Corporation Of India Ltd.**

The company's adherence to Corporate Social Responsibility (CSR) is governed by Section 135(5) of the Companies Act. In the fiscal year 2023, the company dedicated a sum of Rs. 436.87 towards CSR initiatives. However, the company's CSR report fails to provide a breakdown of how these funds were utilized, lacking transparency on the specific activities or projects supported. To validate this observation, we cross-referenced the company's CSR information with the Government of India (GOI) website, only to find no available data, raising concerns about the completeness and accuracy of the company's CSR disclosure.

### **Reliance Communications Ltd.**

The company, having become defunct in 2018, lacks available data, with its last annual report dated 2017-18. Consequently, the company does not fulfill the prerequisites for mandatory Corporate Social Responsibility (CSR) under Section 135(5) of the Companies

Act. The absence of CSR data aligns with the company's discontinued operations and underscores its ineligibility for CSR obligations due to its defunct status.

**Steelman Telecom Ltd.**

The Company falls outside the purview of the Corporate Social Responsibility (CSR) provisions outlined in Section 135 of the Companies Act. This is attributed to its financial metrics, including a net worth below rupees Five Hundred Crore, turnover less than rupees One Thousand Crore, and net profit below rupees Five Crore. Consequently, the stipulations for mandatory CSR activities do not apply to the Company based on its financial standing as specified in the relevant section of the Companies Act.

**Suyog Telematics Ltd.**

The company does not meet the criteria for mandatory Corporate Social Responsibility (CSR) as outlined in Section 135(5) of the Companies Act, as its turnover is below Rs. 500 crore. Consequently, the absence of CSR data is in line with this exemption. The company's financial standing falls below the threshold necessitating CSR obligations, thus alleviating the need for detailed CSR reporting due to the statutory exemption based on turnover.

**Tata Teleservices (Maharashtra) Ltd.**

Pursuant to the amendment in the Act, constitution of CSR Committee is not applicable. The Company did not make profits in the past 3 financial years; hence it does not have any budgeted CSR expenditure. However, in keeping with the Tata Group's philosophy of giving back to the society, employees participated in various volunteering initiatives. As per amendment to the Act, the Company is no longer required to have separate CSR Committee and hence, the Committee was dissolved with effect from December 13, 2021

**Vodafone Idea Ltd.**

Due to significant financial losses totaling Rs 29,297.6 crore over the past three years, the Company was exempt from mandatory Corporate Social Responsibility (CSR) spending in FY 2022-23, in accordance with Section 135(5) of the Companies Act. Despite this exemption, the Company voluntarily allocated Rs 115 Mn towards CSR activities, addressing the unspent CSR obligation of Rs 229 Mn from FY 2017-18 as per the Ministry of Corporate Affairs (MCA) directive. The final Rs. 115 Mn was utilized in FY 2022-23, fulfilling the outstanding CSR commitment, even though specific data for these activities was not provided.

**G T L Infrastructure Ltd.**

The Company, with an average net loss of Rs. 147,349 Lakhs, does not meet the criteria for mandatory Corporate Social Responsibility (CSR) as specified in Section 135(5) of the Companies Act. Consequently, the absence of CSR data is in alignment with this exemption. The Company's financial standing, marked by an average net loss, falls below the threshold that mandates CSR obligations, thereby eliminating the need for detailed CSR reporting due to the statutory exemption based on financial performance.

**G T L Ltd.**

Despite the negative net worth, revenue falling below prescribed limits, and cumulative losses, the Company remains unaffected by the provisions of Section 135(5) of the Companies Act, 2013. However, upholding its commitment as a responsible corporate citizen, the Company actively engages in social responsibilities through employee volunteerism and non-financial means. It supports causes adopted by the Global Foundation, a public charitable trust.

Amidst the challenges posed by the aftermath of COVID-19, Global Foundation significantly expanded its contributions, benefiting nearly 7,000 people across education, health, disability, and community development during the fiscal year 2021-22. This snapshot underscores the Company's dedication to making a positive impact on society, even in the absence of mandatory CSR obligations.

#### **Mahanagar Telephone Nigam Ltd.**

The Company falls below the criteria set for mandatory Corporate Social Responsibility (CSR) under Section 135(5) of the Companies Act, as its turnover is less than Rs. 500 crore. Consequently, the absence of CSR data aligns with this exemption. Given the company's financial standing beneath the threshold that mandates CSR obligations, there is no obligation for detailed CSR reporting, thanks to the statutory exemption based on turnover.

#### **Nelco Ltd.**

Pursuant to Section 135 of the Companies Act 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended till date, Company is not mandatorily required to continue to constitute the Corporate Social Responsibility Committee. The Board of Directors at its Meeting held on 21st February 2023 approved the dissolution of CSRC with immediate effect.

E-Vidya, Nelco sponsored learning community center for school children at Thane, Maharashtra

For the year ended March 31, 2023 the Company's CSR obligation under section 135 was Nil.

For the year ended March 31, 2022 the Company discharged CSR liability of Tatanet Services Limited, erstwhile subsidiary of the Company, which amalgamated with the Company pursuant to scheme of restructuring.

#### **Nettlinx Ltd.**

Even though the provisions of Companies Act, 2013 regarding Corporate Social Responsibility are not attracted to the company, yet the Company has been, over the years, pursuing as part of its corporate philosophy, an unwritten CSR policy voluntarily which goes much beyond mere philanthropic gestures and integrates interest, welfare and aspirations of the community with those of the Company itself in an environment of partnership for inclusive development.

*These activities have not been disclosed in the annual report .*

The Company is not required to spend towards Corporate Social Responsibility (CSR) as per Section 135 of the Companies Act, 2013, since the company is within the threshold limit given as per the provisions of the Act.

#### **Nu Tek India Ltd.**

The Company falls under the purview of CSR as its net worth was exceeding Rs. 500 crore in the Financial Year 2012-13, but the Company's profits were not enough to carry out the CSR activities. Since the last three financial years, the Financial Results of the company has recorded continuous financial strain thereby making negative profits. Due to this, the company has not carried any CSR activities. The Government of India notified amendments to the Companies (Corporate Social Responsibility) Rules, 2014 and Section 135 of the Companies Act, 2013 on January 22nd, 2021, which means that these are now effective.

#### **City Online Services Ltd.**

The Company falls below the criteria set for mandatory Corporate Social Responsibility (CSR) under Section 135(5) of the Companies Act, as its turnover is less than Rs. 500 crore. Consequently, the absence of CSR data aligns with this exemption. Given the company's

financial standing beneath the threshold that mandates CSR obligations, there is no obligation for detailed CSR reporting, thanks to the statutory exemption based on turnover.

## Conclusion & Inference

The examination of various companies' adherence to Corporate Social Responsibility (CSR) reveals diverse approaches and outcomes based on their financial performance and regulatory compliance.

- **Companies Exempted from CSR Obligations:**
  - *Bharti Airtel Ltd.:* Despite the applicability of CSR provisions, the company voluntarily contributed to CSR activities, surpassing the mandatory requirements. The absence of specific data was confirmed through the Government of India (GOI) website, reflecting the company's proactive engagement in CSR despite exemptions.
  - *Quadrant Televentures Ltd.:* The company is not obligated to spend on CSR, and reporting is not applicable as per Section 135 of the Companies Act.
  - *Railtel Corporation Of India Ltd.:* While allocating funds for CSR, the lack of transparency in reporting raises concerns about the completeness and accuracy of CSR disclosure.
  - *Reliance Communications Ltd.:* Being defunct since 2018, the company is ineligible for CSR obligations, aligning with its discontinued operations.
  - *Steelman Telecom Ltd.:* The company's financial metrics place it outside the purview of CSR obligations, as it falls below the stipulated thresholds.
  - *Suyog Telematics Ltd.:* The company's turnover below Rs. 500 crore exempts it from CSR obligations, and the absence of CSR data is consistent with this exemption.
- **Voluntary CSR Contributions Despite Exemption:**
  - *Vodafone Idea Ltd.:* Despite financial losses, the company voluntarily allocated funds for CSR, addressing unspent obligations from previous years.
  - *G T L Infrastructure Ltd.:* The company, with an average net loss, is exempt from CSR obligations based on financial performance.
  - *G T L Ltd.:* The company, despite negative financial metrics, actively engages in non-financial CSR initiatives, demonstrating a commitment to social responsibility.
- **No CSR Obligations Based on Financial Metrics:**
  - *Mahanagar Telephone Nigam Ltd.:* The company falls below the criteria for mandatory CSR based on its turnover, eliminating the need for detailed CSR reporting.
  - *Nelco Ltd.:* The company, despite being exempt, has voluntarily engaged in CSR activities, as seen in its sponsored learning community center.
  - *Nettlinx Ltd.:* The company, not mandated by the Companies Act for CSR, pursues unwritten CSR policies voluntarily, contributing beyond philanthropic gestures.
- **Challenges Faced in CSR Compliance:**
  - *Nu Tek India Ltd.:* Despite qualifying for CSR due to its net worth exceeding Rs. 500 crore, financial constraints led to negative profits, rendering the company unable to carry out CSR activities.
- **Statutory Exemption Based on Turnover:**
  - *City Online Services Ltd.:* Falling below the turnover threshold, the company is not obligated to spend on CSR, eliminating the need for detailed CSR reporting.

In summary, while some companies actively engage in CSR voluntarily, others, due to financial challenges or eligibility criteria, are exempted. The diversity in CSR approaches underscores the evolving landscape of corporate social responsibility in alignment with financial performance and regulatory mandates