

Corporate Social Responsibility (CSR) Policy

OF

BHAVNAGAR ENERGY COMPANY LIMITED

INDEX

Chapter	Title
1	Introduction
	1.1 Background
	1.2 Applicability
	1.3 Vision
	1.4 Objective
	1.5 CSR Committee
	1.6 Responsibility of the CSR Committee
2	Resources
	2.1 Budget
	2.2 Utilization
3.	Planning
4.	Implementation
	4.1 Area Identification
	4.2 Project Identification
	4.3 Partnering for Execution
	4.4 Monitoring, Evaluation & Reporting
	4.5 Documentation
	4.6 CSR Projects and programs
5.	Authority & Approval
	5.1 Authority
	5.1.1 Hierarchy Flow
	5.1.2 Approval
	5.2 Powers of Approval
6.	Annexures

CHAPTER 1

INTRODUCTION

1.1 Background

Bhavnagar Energy Company Limited (BECL) believes in the concept of Corporate Social Responsibility (CSR), which has now been brought into legal frame –work by Section 135 of the Companies Act, 2013. Section 135 of the Act has provisions dealing exclusively with CSR and Schedule VII of the ACT contains a list of activities that can be undertaken as part of the CSR initiative. Further, the Companies (Corporate Social Responsibility Policy) Rules, 2014 have given further provisions regarding CSR. These Rules have come into force w.e.f. 1st April, 2014 and are applicable from the financial year 2014-15. The present CSR Policy is being framed to undertake the proposed CRS activities of the Companies in Consonance with the Companies Act, 2013 (Section 135 read with Schedule VII) and the Companies (Corporate Social Responsibility Policy) Rules,2014.

1.2 Applicability

- (a) The policy shall be applicable to a Company, if during any of the three previous financial years, the Company had a financial status of-
 - (a) Turnover of Rs.1000 crores or more :or
 - (b) Net worth of Rs.500 crores or more: or
 - (c) Net profit of Rs.5 crores or more
- (b) On any of the above three conditions being met, the Company would be obliged to spend at least 2% of the average net profit of three immediately financial year of the Company on CSR.
- (c) If for three consecutive financial year, the Company does not fulfill any of the criteria prescribed for attracting the provision of Section135 of the Act, the Company shall not be requires to constitute a CSR committee and comply with the provisions of Section 135 of the Act until such time it meets with the specified criteria.
- (d) Currently the company attracts the provisions of section 135 of the Act and therefore, the policy applies to the Company.

1.3 Vision

BECL will endeavor to enhance value creation in the society in which it operates, through its services, conduct and initiatives, so as to promote sustained growth for the society and community, in fulfillment of its role as a Social Responsible Corporate Citizen with utmost environmental concern. The Ultimate Objective of CSR activities at BECL is to improve the “Human Development Index”.

1.4 Objective

To ensure an increased commitment at all levels in the Organization, to operate its business in an economically, socially and environmentally sustainable manner, while recognizing the interests of all its stakeholders.

1.5 CSR Committee

The Board of Directors in its 40th meeting held on 30.03.2015 has constituted Corporate Social Responsibility (CSR) Committee pursuant to the provisions of Section 135 of the Companies Act, 2013.

- (i) Shri P. S. Shah, Member, CSR Committee
- (ii) Shri A. L. Thakor, Member, CSR Committee
- (iii) Shri I. P. Gautam, Member, CSR Committee
- (iv) Shri. H. B. Patel, Member, CSR Committee

1.6 Responsibility of the CSR Committee

The CSR Committee shall -

- (a) formulate and recommend to the Board, a Corporate Social Responsibility Policy, which shall indicate the broad activities to be undertaken by the Company as specified in Schedule VII of the Act, but not limited to the Projects and Programs specified therein;
- (b) recommend the specific CSR initiatives to be adopted by the Company and the amount of expenditure to be budgeted for the activities;
- (c) monitor the CSR Policy of the Company, its implementation and expenditures periodically;
- (d) report to the Board the reasons for not spending the amount budgeted for CSR;
and

(e) provide to the Board a responsibility statement that the implementation and monitoring of CSR Policy is in compliance with the CSR Objectives and Policy of the Company.

CHAPTER 2

RESOURCES

2.1 Budget

BECL shall allocate the statutorily required amount of at least 2 % of the average net profits of the Company made during the three immediately preceding financial years and this would be the minimum overall Annual budget for CSR activities.

2.2 Utilization

Any unspent / unutilized CSR allocation of a particular year will be dealt with in due compliance of law for the time being in force. Any surplus arising out of CSR activities will not form part of the business profits of the Company.

CHAPTER 3

PLANNING

3.1 The CSR activities of BECL would generally be in line with the activities specified in Schedule VII of the Companies Act, 2013, which are reproduced hereunder:

- i) Eradicating hunger, poverty, malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set up by the Central Govt. for the promotion of sanitation and making available safe drinking water;
- ii) Promoting education including special education, and employment enhancing vocational skills, especially among children, women, elderly, and 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, agro forestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set up by the Central Govt. 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 arts and handicrafts;
- vi) Measures for benefit of armed force veterans, war widows and their dependents;
- vii) Training to promote rural sports, nationally recognized sports, paralympic sports and Olympic Sports;
- viii) Contribution to Prime Ministers National Relief Fund or any other Fund set up by the Central Government, for socio economic development and relief and welfare of scheduled castes and scheduled tribes, other backward classes, minorities and 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 Govt. or any State Govt. or any other competent authority under any law for the time being in force).

- xii) Any other activities in relation of the above and all other activities which forms part of CSR as per Schedule VII of the Act. (Collectively hereinafter referred to as “CSR Activities”)

CHAPTER 4

IMPLEMENTATION

4.1 Area Identification

To begin with, the CSR activities will be more focused for promoting education including special education, and employment enhancing vocational skills, especially among children, women, elderly, and differently abled and livelihood enhancement projects. This will include nearby areas / villages that normally fall within a reasonable radius from Project Areas. In the course of time, possibility would be explored to expand the area coverage so that it benefits the community at large. The amount earmarked for CSR shall be spent by the Company itself or in collaboration with promoter companies or in partnership with registered NGOs (with at least 3 years track record), or with the agencies / authorities of State or Central Government or with the State Government, if and when required.

4.2 Project Identification

The following sequence will be followed:

- a) Need of the Trust created by the Company for promoting education / studies / agencies, whenever required.
- b) Internal need assessment by cross-functional team at the local level
- c) Project (s) identified by the State Government, if and when required.
- d) Receipt of proposals / requests from District Administrative / local Govt. etc.
- e) Discussions and request with local representatives / civil bodies / Citizens' Forums
- f) Such other means / sources as may be deemed fit.

4.3 Partnering for Execution

CSR activities will be executed either independently or through Partnership with one or other of the following agencies:

- a. Promoter Companies in such a manner that the CSR Committees of respective Companies are in a position to report separately on such projects/programs/activities in accordance with the Companies (CSR Policy) Rules, 2014.
- b. Community based organizations whether formal or informal;
- c. Elected local bodies such as Panchayats;

- d. Voluntary Agencies (NGOs);
- e. Institutes/ Academic Organization's;
- f. Trusts, Missions, Self - help Groups;
- g. State Government, if and when required;
- h. Government, Semi - Government and autonomous Organization's;
- i. Standing Conference of Public Enterprises (SCOPE);
- j. Mahila Mandals/ Samitis;
- k. Contracted agencies for civil works;
- l. Professional Consultancy Organisations; and
- m. Such others as may be deemed fit.

4.4 Monitoring, Evaluation and Reporting

In order that the CSR activities are implemented effectively, an in-house monitoring mechanism will be put in place. The CSR Cell will conduct impact studies on periodic basis, through independent professional third parties/professional institutions, wherever required, especially on the strategic and high value programs and report the details in the Company's Annual Report.

4.5 Documentation

Appropriate documentation of the BECL CSR activities will be maintained on a periodical basis and reporting shall be made in the Annual Report of the Company as per the format given at **annexure - 1**.

4.6 CSR Projects and Programme

Suitable CSR Projects will be identified as per 4.2 above and funds allocated, on a yearly basis, as per the need assessment, specific to the location, target beneficiary and Agency partnering for the implementation. Roll-on CSR Projects will be identified separately and executed in a phased manner. The same will be approved by the CSR Board level Committee and implemented on the direction of Managing Director.

4.7 Audit of Expenditure

The Company shall audit the amount of CSR expenditure periodically in line with the activities or programs specified in this policy and the report shall be presented to the CSR Committee.

CHAPTER 5

AUTHORITY & APPROVAL

5.1 Authority

5.1.1 Hierarchy Flow: The hierarchy flow of the CSR activities shall be as follows:

- Board of Directors
- Board Level CSR Committee
- Managing Director
- CSR Cell & In - house CSR Committee

5.1.2 Approval

The Budget for CSR activities shall be placed before the Board of Directors as a part of Company's annual budget. After approval of the Board of Directors, the Board level CSR Committee will broadly examine the proposals for CSR activities and authorise the Managing Director to execute the same. To facilitate due financial flexibility or execution of CSR programs, the following empowerment is proposed:

5.2 Powers of Approval

Nature of Approval	Level of Approval	Remarks
Roll - on plans, broad sub - allocation of expenditure, re-appropriation, carry forward etc.	Board level CSR Committee	Approval obtained once in a year
With a view to effectively take up the CSR activities without any delay, the Managing Director of the Company is authorised to spend within the approved Annual CSR Budget as well as to use the budget allocated to particular head into such other head as may be deemed fit.	Managing Director, BECL	On recommendations by in -house CSR Committee