

Bihar Grid Company Limited



Corporate Social Responsibility Policy

1.0 Introduction:

Corporate Social Responsibility (hereinafter also referred to as "CSR") has been defined in the clause (c) of sub-rule (1) of Rule 2 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 (hereinafter referred to as the CSR Rules) made under the Companies Act, 2013 (hereinafter referred to as the Act) as follows:

"Corporate Social Responsibility (CSR)" means and includes but is not limited to:

- (i) Projects or programs relating to activities specified in Schedule VII to the Act; or
- (ii) Projects or programs relating to activities undertaken by the board of directors of a Company (Board) in pursuance of recommendations 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.

Further according to clause (e) of sub-rule(1) of Rule 2 of the CSR Rules, "CSR Policy" relates to the activities to be undertaken by the company as specified in Schedule VII to the Act and the expenditure thereon, excluding activities undertaken in pursuance of normal course of business of a company.

2.0 Statutory Requirement under the Companies Act, 2013

Section 135 of the Companies Act, 2013 deals with the concept of Corporate Social Responsibility or CSR.

Sub-section (1) of Section 135 of the Act provides that every company having **Net Worth of Rs.500 Crore or more, or Turnover of Rs.1000 Crore or more or a Net Profit of Rs.5 Crore or more during any preceding financial year** shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more Directors.

The Board of Directors of the Company, after taking into account the recommendations made by the Corporate Social Responsibility Committee of the Board, approve the Corporate Social Responsibility Policy for the Company.

Sub-section (5) provides that the Board of Directors of the Company shall ensure that the Company spends, in every financial year, at least 2% of the average net

profits of the Company made during the three immediately preceding financial years in pursuance of its Corporate Social Responsibility Policy. An explanation to Sub-section (5) provides that the "average net profit" shall be calculated in accordance with the provisions of section 198 of the Act.

The composition of CSR Committee and the amount of CSR expenditure shall find a mention in the Board's Report under clause (o) of sub-section (3) of section 134 of the Act.

The provisos to Sub-section (5) of Section 135 provide 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; and if the Company fails to spend such amount, it shall specify the reasons for not spending the amount in the Board's Report under clause (o) of sub-section (3) of section 134 of the Act.

3.0 Bihar Grid Company Limited and the concept of CSR:

Bihar Grid Company Limited is a 50:50 Joint Venture of Bihar State Power (Holding) Company Ltd. [BSP(H)CL] and Power Grid corporation of India Limited (POWERGRID). Bihar Grid Company Limited (hereinafter also referred to as "BGCL" or "the Company") was incorporated pursuant to the Shareholders' Agreement dated 29th Dec., 2012, signed between BSP(H)CL and POWERGRID. The Company was registered in the state of Bihar on **04th January, 2013** with Corporate Identification No. (CIN)-U40100BR2013PLC019722, having its Registered Office at 2nd Floor, Alankar Place, Boring Road, Patna-800001. The Company entered into **Implementation and Transmission Service Agreement** with Bihar State Power (Holding) Company Limited on 05.01.2013 for **Intra-State Transmission Projects in the state of Bihar**. Hence, BGCL is basically a power transmission company involved in executing projects/ constructing power sub-stations and transmission lines under BOOM (Build, Own, Operate and Maintain) mode in the state of Bihar.

Transmission lines projects are environmentally clean and do not involve any disposal of waste, effluents and hazardous substances on land, air and water. However, transmission line projects have some localized impacts on natural resources like crops & trees, whenever Transmission Lines pass through agriculture fields or forest areas and also on people whose lands are acquired or inconvenienced for construction of sub-stations and transmission lines. Thus, the main focus of CSR activities required of BGCL would be to undertake CSR activities that help to reverse any adverse impact on the environment and ecology and benefit the persons directly impacted by the activities of the Company.

BGCL while reaffirming its commitment to deal with environmental and social issues relating to its transmission projects would like to move a step ahead in identifying and promoting matters of utmost concerns involving upliftment of society and improvement in environment at large.

4.0 Constitution of CSR Committee

Clause (d) of sub-rule (1) of Rule 2 of the CSR Rules provides that "CSR Committee" means the Corporate Social Responsibility Committee of the Board referred to in Section 135 of the Act.

Pursuance to the statutory requirements under Section 135(1) of the Act and the CSR Rules mentioned above, the Board of Directors of BGCL in their 25th Meeting held on 02nd July, 2018 formed a Corporate Social Responsibility Committee (CSR Committee) vide Board Resolution No.25.2.8 comprising the following members or their successors as appointed by the Board from time to time:

1. Shri Sandeep Kumar R. Pudakalkatti, IAS, Chairman;
2. Shri Tilak Chandra Sarmah, Member;
3. Shri Rajesh Srivastava, Member.

The Company Secretary shall act as the Secretary to the CSR Committee also.

5.0 CSR Policy:

Further following the statutory requirements of the Act and the CSR Rules, a Policy has been formed and approved by the Board of Directors of the Company in their 25th Meeting held on 02nd July, 2018 vide Board Resolution No.25.2.9. It shall be known as **BGCL'S CSR Policy** and the activities/ projects/ programs undertaken in pursuance of this Policy shall be referred to as BGCL'S CSR activities.

6.0 Activities To Be Undertaken Under CSR:

The activities that will be undertaken under BGCL'S CSR Policy shall include all the activities consistent with the CSR provisions of the Act, Schedule VII of the Act, the CSR Rules, CSR Guidelines and Directions as issued and amended by the Government from time to time.

As per the latest amendments, the following activities have been prescribed by Schedule VII of the Act for CSR purposes:—

- (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, agro-forestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund setup 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;
- (vii) training to promote rural sports, nationally recognised sports, Paralympics sports and Olympic sports;
- (viii) contribution to the Prime Minister's National 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;
- (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 (i.e. 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).

Since BGCL, at present, carries out its operations in Bihar only, **the geographical limits of the State of Bihar shall be considered as the "local area"** (pursuant to the first proviso to Section 135(5) of the Act) **for its CSR activities.**

The Company will take into account its commitment to its stakeholders while selecting CSR activities provided such activities qualify as CSR activities under the Act. However, CSR projects or programs or activities shall not include activities that benefit only the employees of the company and their families or activities undertaken in pursuance of normal course of business of the Company. Further, CSR activities undertaken in India only shall amount to CSR expenditure. It is also expressly provided that any surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of the Company at any time.

7.0 Administrative Set-Up

7.1 Roles & Responsibilities of the Board of Directors:

The Board of Directors of the Company shall:

- (i) Constitute a CSR Committee of BGCL consisting of three or more Directors;
- (ii) Approve the CSR Policy for the Company;
- (iii) Disclose the contents of the BGCL'S CSR Policy in the Report of the Board of Directors;
- (iv) Ensure placing of the contents of the said CSR Policy on the website of the Company;
- (v) Ensure that the Company spends annually at least 2% (two percent) of the average Net Profit made during the three immediately preceding financial years in pursuance of CSR as provided for in the Act;
- (vi) Disclose the composition of the CSR Committee in Report of the Board of Directors;
- (vii) Make a mention in detail about the implementation of CSR during the year in the Board's Report;
- (viii) In case the Company fails to spend the specified amount for CSR activities, the Board must specify the reasons for inability to spend the said sum, in the Board's Report;
- (ix) Ensure that the activities as are included in the CSR Policy of the company are undertaken by the company;
- (x) Delegate powers/ give directions to the management of the Company [Managing Director/ Director (Projects)] with regard to the CSR Policy as it deems necessary.

7.2 Roles & Responsibilities of CSR Committee:

The CSR Committee of the Board shall:

- (i) Formulate and recommend to the Board, a CSR Policy of the Company which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act;
- (ii) Recommend the amount of expenditure to be incurred on the CSR during any financial year as per provisions of the Act;
- (iii) Monitor the CSR Policy of the Company as well as implementation of BGCL'SCSR activities from time to time.

7.3 Supervisory Committee of CSR:

The management of BGCL, subject to delegation by the Board of Directors in this behalf, shall form a Supervisory Committee of CSR comprising 3 or more executives of BGCL to identify, initiate, execute and supervise the matters relating to the CSR Policy of the Company and further report on the same to the management of the Company.

7.3.1 Roles & Responsibilities of Supervisory Committee:

The Supervisory Committee of CSR shall:

- (i) Act as the executing body of the CSR Committee under the guidance of the management of the Company;
- (ii) While identifying and proposing BGCL'S CSR activities, the priorities laid down in the CSR Policy of the Company shall be kept in mind;
- (iii) Prepare detailed Proposal including cost estimate, time schedule, budget allocation, etc. for the proposed CSR activities;
- (iv) Seek approval of the management for BGCL'S CSR activities proposed to be undertaken in pursuance of the approved CSR Policy;
- (v) Ensure effective execution and supervision of the said work after approval of the management;
- (vi) Regarding all the above, follow the procedures in line with existing practices of BGCL;
- (vii) Report, including interim report, if any, to the management regarding projects executed, deviations, if any;
- (viii) Extend full co-operation to the concerned authorities including the auditors of the Company.

CSR activities shall be a part of Key Result Areas (KRA) of the executives directly executing the CSR projects.

8.0 Mode of Execution of CSR Activities:

BGCL'S CSR activities may be implemented in the any of the following mode(s):

- a) by the Company itself;
- b) in tie-up with its Promoter/ Venture Companies; or
- c) in tie-up with a registered trust/ association/ body corporate; or
- d) any combination of the above;

as provided in the Act or the CSR Rules as issued or amended from time to time;

If required, the local authorities, the specialized agencies and the community intended to be benefited, may be consulted and involved in the process of

identifying, planning and implementation of the CSR activities.

9.0 Communication:

The Company may communicate about its CSR activities by using any medium of communication. Electronic media may also be used for broader communication with the stakeholders and community in general. Display on notice boards, website, Annual Report, CSR booklet, banners, pamphlets, etc. may be used to publicize the CSR initiatives of the Company.

10.0 Amendments & Alterations:

This Policy shall stand modified by the provisions of the Indian laws including the Companies Act, 2013, the CSR Rules and other applicable statutes as made and amended from time to time and Government guidelines as and when issued and made enforceable.

This Policy would serve as the referral document for planning and selection of CSR activities and other related matters. In case of any doubt or inconsistency, the provisions of the Indian laws will prevail.

The power to voluntarily modify /amend the BGCL'S CSR Policy rests with the Board of Directors of the Company.
