

**CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY**  
**OF MGCVCL**  
**(APPROVED BY BOARD OF DIRECTORS)**

1. **PREAMBLE:**

The concept of Corporate Social Responsibility has gained prominence from all avenues.

Madhya Gujarat Vij Company Limited (MGVCL) interfaces with the community through its nature of business i.e. by distributing electricity on retail basis. MGVCL has an ethical and social responsibility through its core value i.e. being ethically and socially responsive to support communities ostensibly impacted by its business in any manner. To fulfill the rooted values, MGVCL is creating framework to identify, access and manage socio-economic development. MGVCL is committed to attain sustainable economic and infrastructure development with an interconnected vision of people's welfare, social growth and environmental conservation through adopting people-centric approach within the business.

In order to streamline the assessment and screening procedure, bring clarity among executing link of CSR, increase the level of involvement through dedicated work force for CSR activities in all levels of operation and comply with the directives of the Companies Act, 2013, MGVCL desires to formulate comprehensive Corporate Social Responsibility Policy.

This Policy deals with the basic aspects of CSR with reference to MGVCL. The Policy will provide an institutional framework to establish an efficient and effective platform to perform CSR activities. The Policy will ascertain role and responsibility, budget provision, information disclosure at different levels of operation in Field and at the Corporate level.

2. **SHORT TITLE:**

This Policy, which encompasses the Company's philosophy for delineating its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially relevant programs for welfare and sustainable development of the community at large, is titled as the '**Corporate Social Responsibility (CSR) Policy of MADHYA Gujarat Vij Company Limited (MGVCL)**'.

3. **APPLICABILITY:**

This Policy shall apply to all CSR initiatives and activities taken up by the Company at the Company's areas of operations and also within the State of Gujarat and in any other parts of the country, for the benefit of the different segments of the society provided that the preference shall be given to the local areas and areas where the Company operates for undertaking the CSR activities.

4. **DEFINITIONS:**

- 4.1 “Act” means the Companies Act, 2013 as amended from time to time.
- 4.2 “Administrative overheads” mean the expenses incurred by the company for ‘general management and administration’ of Corporate Social Responsibility functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring and evaluation of a particular Corporate Social Responsibility project or programme.
- 4.3 “Corporate Social Responsibility (CSR)” or “CSR projects or programs or activities means Corporate Social Responsibility (CSR) or CSR projects or programs or activities as defined in Section 135 of the Act, Rules and Schedule(s) as amended from time to time.
- 4.4 “CSR Committee” means a CSR Committee constituted/reconstituted by the Board in accordance with the Act.
- 4.5 “CSR Cell” means a CSR Cell, if any, constituted/ reconstituted, by the Managing Director from time to time, consisting of senior officers of the Company.
- 4.6 “Ongoing Project” means a multi-year project undertaken by the Company in fulfilment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced, and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the Board based on reasonable justification.
- 4.7 “Rules” mean the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time, prescribed under the Act.
- 4.8 “MGVCL” means Madhya Gujarat Vij Company Limited or “the Company”.

5. **VISION:**

In alignment with vision of the Company, MGVCL, through its CSR initiatives, shall continue to enhance value creation in the society and in the community in which it operates, through its services, conduct and initiatives, so as to promote sustained growth for the society and the community.

6. **OBJECTIVES:**

MGVCL introduces Corporate Social Responsibility (CSR) Policy with following objectives:

- To create sensitivity within the Company and society towards social development and to consider CSR as one of the Company’s responsibilities and to encourage cooperation with the wider stakeholder community.

- To promote high standard of authenticity, responsibility and accountability toward all stakeholders including employees, community, consumers, Government, etc.
- To promote socio-economic development through community development initiatives/programs.
- To bring about attitudinal change in MGVCL employees and other stakeholders about the idea/perception of CSR.

This Policy will create a frame work, procedure for assessment, implementation and monitoring of any activity under CSR.

7. **BUDGET:**

For achieving the CSR objectives through implementation of meaningful and sustainable CSR projects or programs or activities, every year budget for CSR activities shall be as decided by the Board as per the provisions of the Act, Rules and on recommendation of CSR Committee. The same will be distributed among CSR projects or programs or activities (either new or ongoing) or as per the recommendation of CSR Committee.

The CSR Budget for a Financial Year may be provisionally decided at the beginning of the Financial Year to facilitate sufficient time to conceive the appropriate CSR projects or programs or activities to be undertaken (Annual Action Plan) in that Financial Year subject to the final budget approval after the accounts are audited and approved by the Board.

8. **SPENDING:**

The expenditure on CSR activities shall be incurred in accordance with the provisions of the Act, Rules and Schedule VII in force from time to time and within the approved budget.

Any surplus arising out of CSR Projects or Programs or activities shall not form part of the business profits of the Company and shall be dealt with in the manner as provided in the Rules.

The amount spent in excess, if any, of the requirement provided under Section 135 may be set off against the requirement to spend in the succeeding financial years in the manner as provided in the Rules.

The ownership of the capital assets created/acquired on account of implementation of the CSR projects or programs or activities shall be held by the person or persons as provided in the Rules as amended from time to time.

9. **SCOPE OF CSR PROJECTS OR PROGRAMS OR ACTIVITIES:**

The Company shall undertake any of the projects or programs or activities covered in Schedule VII to the Companies Act, 2013, as amended, or such other projects or programs or activities including new or ongoing projects or programs or activities covered therein as may be notified by the Ministry of Corporate Affairs from time to time as a part of the Corporate Social Responsibility (CSR). The activities mentioned in Schedule VII are considered as illustrative and not exhaustive.

The Company may undertake or implement the CSR projects or programs or activities either by itself or through Implementing Agency/ies as specified in the Rules, as amended from time to time.

The CSR projects or programs or activities shall be undertaken only in India for the benefit of the public provided that the preference shall, as far as possible, be given to the local areas and areas where the Company operates for undertaking the CSR projects or programs or activities.

10. **CSR IMPLEMENTATION:**

MGVCL will seek to identify suitable projects or programs or activities for implementation in line with the CSR objectives of the Company and also to the benefit of the stakeholders and the community for which those projects or programs or activities are intended. These projects or programs or activities would be done either independently or through any company registered under Section 8 of the Act or a registered public trust or a registered society or an entity which satisfy the criteria as specified in the Act or the Rules and has CSR Registration Number issued by the Central Government.

The Company may engage international organization as defined in the Rules for designing, monitoring and evaluation of the CSR projects or programs or activities as well as for capacity building of its own personnel for CSR.

The Company may also collaborate with other companies for undertaking CSR projects or programs or activities in such a manner that the CSR Committees of respective companies are in a position to report separately on such projects or programs or activities in accordance with the Rules.

11. **PROJECT IDENTIFICATION:**

While identifying the CSR projects or programs or activities, MGVCL would consider the following broad parameters:

- a. Need assessment by the senior management / professional or any recognized institutions/agencies / NGOs / Section-8 Companies / Trusts / Societies / CSR Cell / cross-functional team of the Company at the local level;
- b. Receipt of proposals or requests from Govt. of Gujarat or Govt. Department or Entities or Authorities including Gujarat CSR Authority, District Administration / Local Govt. Authority, etc.;

- c. Discussions with and/or requests from representatives of local Civic bodies / Citizens' forum or voluntary organizations;
- d. Such other means / sources as may be deemed fit.

12. **MONITORING OF CSR PROJECTS OR PROGRAMS OR ACTIVITIES:**

The CSR Committee constituted by the Board of Directors shall oversee the implementation of CSR Policy. The CSR Committee will monitor and review the progress of CSR projects or programs or activities being undertaken or implemented.

CSR Cell would be set-up, if required, which would consist of senior officers representing HR, Finance & Accounts, Technical, Civil and other Departments as may be required. The Company may appoint/recruit/nominate/designate CSR Officer to perform CSR related functions and who shall be a convener-member of the CSR Cell. The CSR Cell will submit the proposals for CSR projects or programs or activities to the CSR Committee for consideration, after due approvals.

13. **DISCLOSURE & DOCUMENTATION:**

- (I) The Company shall disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on the Website of the Company for public access, required under the Act and the Rules.
- (II) The reporting would be made by way of an annual report on CSR containing particulars as may be prescribed, in the Annual Report of the Company as required under the Act and the Rules.

14. **PROCEDURE FOR SELECTION, APPROVAL AND IMPLEMENTATION OF CSR PROJECTS OR PROGRAMS OR ACTIVITIES:**

The hierarchy flow shall be as under:

Board ----→ CSR Committee ---→ Managing Director ---→ CSR Department/Cell

The following procedure would be followed:

- (i) Areas of CSR activities as may be identified shall be placed before the CSR Committee of the Board at the beginning of each Financial Year as well as at such intervals as may be deemed fit and proper. The Budget for CSR activities shall form part of the Annual Revenue Budget of the Company and shall be placed before the Board of Directors for approval. The Board will authorize CSR Committee to approve CSR proposals and spend upto the stipulated CSR budget amount. The reporting to the Board by CSR Committee shall be made annually.
- (ii) For meeting the requirements arising out of immediate and urgent situations, the Managing Director is authorized to approve CSR proposals within the overall approved budget and the same shall be placed before CSR Committee for post facto approval.

- (iii) The Committee shall approve and submit to the Board an annual report on CSR containing particulars specified in the applicable Annexures to the Rules.

15. **ROLE & FUNCTIONS:**

(a) **Functions of the Board:**

1. To approve the CSR policy recommended by the CSR Committee and disclose the contents of such policy in its report.
2. To disclose the composition of the CSR Committee, CSR Policy and approved Projects on the Company's Website for public access.
3. To ensure that there is a spending on CSR activities to the extent of mandatory percentage of its profit as stipulated in the Act as amended from time to time.
4. To report CSR activities in Board's Report and disclose with reasons for non-spending of CSR fund to the extent of mandatory stipulated percentage prescribed in the Act.
5. In case of ongoing project, to monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.
6. To ensure that the projects or programs or activities are implemented either independently or through any company or a registered public trust or a registered society or an entity which satisfy the criteria as specified in the Act or the Rules and has CSR Registration Number issued by the Central Government.

(b) **Functions of CSR Committee will be:**

1. To formulate and recommend to the Board the CSR Policy which shall indicate the activities to be undertaken by the Company in areas or subject, specified in Schedule VII and suggest the changes in the Policy, when required;
2. To formulate an annual action plan in pursuance of the CSR Policy including –
  - the list of CSR projects or programs that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
  - the manner of execution of such projects or programs;
  - the modalities of utilization of funds and implementation schedules for the projects or programs;
  - monitoring and reporting mechanism for the projects or programs;

and

- details of need and impact assessment, if any, for the projects undertaken by the company;

3. To undertake and implement duly approved CSR projects or programs or activities within the Policy framework;
4. To report on CSR activities being implemented containing particulars as may be prescribed, in the Annual Report of the Company as required under the Act and the Rules;
5. To monitor the CSR Policy of the Company from time to time.

(c) **Functions of Managing Director will be:**

1. To give approval for CSR projects within the policy framework and monitor projects undertaken by CSR Cell/Department from time to time.

(d) **Role of CSR Cell / Department will be:**

1. To identify and suggest the proposals for CSR projects or programs or activities that can be undertaken/implemented in pursuance of CSR Policy and the provisions of the Act and Rules, to the CSR Committee for its consideration;
2. To ensure that the implementing agency, if any, fulfils the criteria prescribed under the Act/CSR Rules;
3. To prepare and submit an annual report on CSR containing particulars as specified in the Annexures to the Rules, to be annexed to the Board's Report for the financial year.

16. **EXCLUSIONS:**

The following activities shall not be considered as CSR activities in accordance with Section 135 of the Act and the Rules:

- i. activities undertaken in pursuance of normal course of business of the company;
- ii. any activity undertaken by the company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;
- iii. contribution of any amount directly or indirectly to any political party under section 182 of the Act;
- iv. activities befitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);

- v activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;
- vi activities carried out for fulfilment of any other statutory obligations under any law in force in India;
- vii any other activity as may be prescribed/notified to be ineligible as CSR activity, from time to time, by the Government.

17. **GENERAL:**

In case of any interpretational issue with regard to any provision of this Policy, the decision of the Board of Directors shall be final.

Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the requirements of the Companies Act, 2013 and the relevant Rules made thereunder for the time being in force.

In case of any inconsistency between this CSR Policy and the Companies Act, 2013 and the relevant Rules made thereunder, the Act and the relevant Rules made thereunder shall always prevail.

**For MADHYA Gujarat Vij Company Limited**

**Sd/-**

**Managing Director**

Date: 22/06/2021

(Note: This CSR Policy is substituted pursuant to the amendments made in Section 135 by the Companies (Amendment) Act, 2019, the Companies (Amendment) Act, 2020 and Notification No. 40(E) dated 22-Jan-2021 issued by the Ministry of Corporate Affairs, Govt. of India, amending the Companies (Corporate Social Responsibility Policy) Rules, 2014 and is approved by the Board of Directors of the Company at its 128<sup>th</sup> Meeting held on 14-06-2021 in substitution of the earlier Policy.)

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