

**HIMACHAL PRADESH
GENERAL INDUSTRIES CORPORATION LIMITED**
(A STATE GOVT. UNDERTAKING)



(NEW HIMRUS BUILDING, CIRCULAR ROAD, SHIMLA-1)

CORPORATE SOCIAL RESPONSIBILITY POLICY

1. INTRODUCTION

The Himachal Pradesh General Industries Corporation Limited was initially incorporated as a Joint Stock Company wholly owned and controlled by the State Government in the name of *HIMALYAN FERTILIZERS LIMITED* on 23rd November, 1972. However, in terms of Section 21 of the Companies Act, 1956, an approval of the Central Government was obtained for the change of the name of the Company to *HIMACHAL PRADESH GENERAL INDUSTRIES CORPORATION LIMITED* on 21st September, 1988.

The primary function assigned to the Corporation is to carry business relating to purchase, manufacture, sell or otherwise to deal in spirits, wines, liquors. Industrial and potable alcohol of all kinds and description as well as other bio-chemicals and formulation products and derivation thereof.

2. DEFINITIONS

In this Policy, unless the context otherwise requires:

1. "Act" shall mean the Companies Act 2013, including any modifications, amendments or re-enactment thereof.

2. “Agency” (or Agencies) means any Company or a registered Trust/ Society/NGO/ Institution, performing social services for the benefit of the society.

3. “Approved Budget” shall mean the total budget as approved by the Board of Directors of the Company upon the recommendation of the CSR Committee, which is to be utilized for CSR Projects.

3. “Board” shall mean the Board of Directors of the Company.

5. “Company” shall mean Himachal Pradesh General Industries Corporation Limited and wherever the context requires, shall signify the Company acting through its Board.

6. “CSR Annual Plan” shall mean the annual plan detailing the CSR expenditure for the year.

7. “CSR Committee” shall mean the Corporate Social Responsibility Committee constituted by the Board of the Corporation in accordance with the Act, consisting of three or more directors or as required under Companies Act, 2013 as amended from time to time.

8. “CSR Expenditure” means all CSR expenditure of the Company as approved by the Board upon recommendation of the CSR committee, including the following:

1. Contribution to CSR Projects which shall be implemented and/or executed by the Company;
2. Contribution to CSR Projects (including for corpus as required) which shall be implemented and/or executed by its Trust or Society;
3. Contribution to CSR Projects (including for corpus as required) which shall be implemented and/or executed by an Agency, and
4. Any other contributions covered under Schedule VII of the Act.

However, contribution of any amount directly or indirectly to any political party under section 182 of the Act, shall not be considered as CSR expenditure.

9. "CSR Officer" shall mean the qualified Company Secretary engaged by the Company for activities envisaged in the CSR Policy, having due comprehension, understanding, drive and passion for such activities and designated as such.

10. "CSR Policy" shall mean the present Corporate Social Responsibility Policy of the Company, which covers the activities to be undertaken by the Company as specified in Schedule VII to the Act and the CSR Expenditure thereon and as amended from time to time.

11. "CSR Projects" or "Projects" means Corporate Social Responsibility projects/activities/ programs/ initiatives, instituted in India, either new or ongoing, and includes, but is not limited to those undertaken by the Board in pursuance of recommendations of the CSR Committee as per the declared CSR Policy of the Company. Projects/activities/ programs/ initiatives undertaken in pursuance of normal course of business of the Company and projects which benefit only the employees of the Company and their families shall not be considered as CSR Projects.

12. "Financial Year" shall mean the period beginning from 1st April of every year to 31st March of the succeeding year.

13. "Net profit" shall mean the net profit as per the Act and Rules based on which the specific percentage for CSR expenditure has to be calculated.

14. "Rules" shall mean the Companies (Corporate Social Responsibility) Rules 2014, including any re-enactment, modifications or amendments thereof.

15. "Thrust Areas" shall mean the areas or activities ascribed to them in this Policy and as amended by the CSR Committee, from time to time.

16. "Bridge Funding" shall mean contribution and funding towards State and Central Government schemes either independently or jointly with other

Organizations for completion and implementation of schemes under CSR policy in case of paucity of funds.

3. CSR OBJECT

The Company firmly believes that CSR is the responsibility of the Company in relation to the impact of its decisions and activities on the society through a transparent and ethical behavior which is:

- (a) Consistent with sustainable development and welfare of society,
- (b) Takes into account the expectations of public of Himachal Pradesh ,
- (c) In compliance with applicable laws, and
- (d) Uniformly integrated and practiced throughout the Company.

4. CONSTITUTION AND FUNCTION OF CSR COMMITTEE

As per provisions of Section 135 of The Companies Act, 2013, the constitution of a Corporate Social Responsibility Committee of the Board and formulation of a Corporate Social Responsibility Policy became a mandatory requirement. The Board of Directors in its meeting held on **25.06.2018**, has constituted the CSR Committee of following members from the existing constitution of Board of Directors of the Corporation:-

- 1. Principal Secretary, Industries – Chairman
- 2. Director of Industries -- Member
- 3. Managing Director, H.P. General Industries Corporation Ltd. – Member

Changes/Additions in the constitution of the Corporate Social Responsibility Committee as may be required and approved by the Board

of Directors from time to time, shall not be construed to be an amendment of this policy.

5. THE CSR COMMITTEE MAY HAVE THE FOLLOWING FUNCTIONS:

- a. To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 and the rules made there under.
- b. To recommend the amount of expenditure to be incurred on the CSR activities.
- c. To monitor the implementation of framework of CSR Policy.
- d) To constitute Trust(s)/Society(s)/Section-8 Company (s) or any Institutions as may be required from time to time for achievement of its objectives under CSR policy.
- e) To contribute under Bridge Funding towards State and Central Government schemes either independently or jointly with other Organizations for completion and implantation of schemes under CSR policy in case of paucity of funds.

6. THRUST AREAS

- (i) **The prime objective of the scheme is to enhance the reach of welfare schemes of Government and fill the gaps in service deficient areas,** in the sectors such as education, health, drinking water, agro-horticultural productivity, social security net, development and growth of Aganwari Centres AND Bal Ashrams etc. in the State through the efforts of voluntary organizations and by creation of Societies and Trusts and Section

8 Companies under Companies Act, 2013 and to provide favorable environment for socio-economic upliftment and overall development.

(ii) There is a lack of facilities at the AWCs and poor knowledge of Anganwadi workers. Thus a regular training and supportive supervision of the Anganwadi workers is recommended along with the availability of adequate facilities and infrastructure. Integrated Child development Service (ICDS) scheme which was started by the government of India in 1975 is a multi-sectoral endeavour which aims at integrated delivery of a package of services for children of 0–6 years of age, pregnant and lactating mothers and adolescent girls from disadvantaged sections belonging to poorest of the poor families. **The key objectives of this scheme are to improve the nutritional and health status of children in the age group 0–6 years; to lay the foundation for proper psychological, physical and social development of the child; to reduce the incidence of mortality, morbidity, malnutrition and school dropout; to achieve effective coordination of policy and implementation among the various departments to promote child development; and to enhance the capability of mothers to look after the normal health and nutritional needs of their children through proper nutrition and health education.**

(iii) The above objectives are sought to be achieved through a package of services comprising supplementary nutrition and growth monitoring; immunization; health check-up; health referral services; non-formal pre-school education and health and nutrition education to be provided at all Anganwadi Centres (AWCs).

- (iv) The key functionary of ICDS scheme is the Anganwadi worker, an honorary worker who belongs to the community and caters to a population of ~1000 people each. After more than 35 years of its existence, the ICDS scheme stands as the world's most unique and largest community-based outreach system for women and child development. After the immense success in initial years, the scheme was universalized to the whole country during the 10th 5-year plan by the government of India. The efforts continued into the 11th 5-year plan, during which several changes were brought about to strengthen the scheme. Currently, the ICDS scheme stands with strength of 12.41 lakh AWCs). **Thus, for the attainment of ICDS scheme goals, the Anganwadi worker at each AWC needs to be equipped with adequate infrastructure, functional equipment, tools and drugs. Furthermore, AWC should be aware of the norms regarding nutrition and other key services to be provided under the scheme, which will be looked after under the CSR policy.**
- (v) Any other innovative activity having direct positive impact on the socio-economic development or livelihood generation of people of the State may also be considered under the CSR policy. This may extend to strengthening the structure of Bal Ashrams, Seva Sedans and other social organizations specifically provided for the achievements of objectives under CSR policy. The CSR Policy however does not cover contribution towards CSR funds to NGO's as is legally not permissible under the Companies Act, 2013.
- vi) **Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water:**

- a. Establishment and management of state-of-the-art healthcare infrastructure with high level of excellence.
- b. Providing financial and/or other assistance to the Agencies involved in exclusive medical research, public health, nursing etc.
- c. Providing financial assistance to deserving people for specialized medical treatment in any medical institution.
- d. Providing financial assistance/ other assistance/items such as food grains, nutrition, medicines to the general public suffering with hunger, poverty, malnutrition.
- e. Activities concerning or promoting:
 - 1) General health care including preventive health care
 - 2) Safe motherhood
 - 3) Child survival support programs
 - 4) Health / medical camps
 - 5) Better hygiene and sanitation
 - 6) Adequate and potable water supply, etc

vii) Training to promote rural sports, nationally recognized sports, Paraolympics sports and Olympic sports:-

- a. establish & management of the sports clubs/ societies
- b. construction/ maintenance/ renovation of buildings/stadium / pavilion etc. for sports persons/ local youth/ schools/ colleges etc. institutions for sports activities
- c. providing financial/ other assistance to sport persons, schools, college for promotion sports activities
- d. organize games/ activities to increase the interest of society for participation in sports/ games
- e. providing financial and/or other assistance to the needy and/or deserving students
- f. providing financial assistance to any agency involved in education, knowledge enhancement and sports

g. facilitate enhancement of knowledge and innovation in the educational agencies

viii) 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:

- a. maintenance & preservation of buildings or infrastructure of national heritage/ special importance.
- b. organize programs/ activities for the promotion of traditional arts and culture.
- c. providing financial assistance /organization of activities/ programs. to increase/ save the handicrafts industries of the State.

ix) Measures for the benefit of armed forces veterans, war widows and their dependents:

- a. providing assistance to war widows and their dependents, whether directly or through trust/ societies
- b. providing assistance for education, training, shelter, house etc. for war widows and their orphans
- c. donations to national defense funds/ other funds set up by the Govt of India or the State Govt.

x) Growth and development of panchayat/Village/City and Town under CSR.

7. 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;

8. Rural development projects:

- a) Construction of roads, buildings, etc for rural development
- b) Construction/ installation/ maintenance of renewable power projects for the rural areas/ villages
- c) Build & maintain hospitals, dispensaries, sewerage and pollution treatment plants, schools, street lights etc. in rural area
- d) Construct/ build /maintain water supply systems
- e) Organize activities/ programs for awareness of general public in rural area

9. IDENTIFICATION OF CSR PROJECTS:

1. CSR Projects need to be identified and planned for approval of the CSR Committee, in particular in Thrust Areas, with estimated expenditure and phase-wise implementation schedules.
2. The Company shall ensure that in identifying its CSR projects, preference is given to the local area and areas around which the Company (including its Units) operates. However, this shall not bar the Company from pursuing its CSR objects in other areas.
3. The CSR Officer may engage external professionals/firms/agencies, if required, for the purpose of identification of CSR projects.

10. IMPLEMENTATION OF CSR PROJECTS

The Company shall implement the identified CSR projects by the following means:

I. Direct Method

- 1) The Company may itself implement the identified CSR Projects presently within the scope and ambit of the Thrust Areas as defined in the Policy;

- 2) **The Company may also implement the identified Projects presently through creation of its Trust or Society or Section 8 Company within the scope and ambit of the Thrust Areas as defined in the Policy. The Trust, Society (s) or Company so created will be fully equipped with functions, duties, powers and man-power under the relevant Act, to handle the activities independently under CSR of the Company.**
- 3) The CSR Officer may engage external professionals/firms/agencies if required, for the purpose of implementation of its CSR Projects.
- 4) The Company may collaborate with other Companies, Trusts, Societies and other Agencies for fulfilling its CSR objects through the Direct method, provided that the CSR Committees of respective Companies, Trusts, Societies are in a position to monitor separately such CSR Projects.
- 5) The Company may contribute under Bridge Funding towards State and Central Government schemes either independently or jointly with other Organizations for completion and implementation of schemes under CSR policy in case of paucity of funds for the by creation of Trust, Societies or Section 8 Companies under the Companies Act, 2013.

II. Indirect Method

The Company may implement the identified CSR projects through agencies, subject to the condition that:

- 1) The activities pursued by the agency are covered within the scope and ambit of Schedule VII of the Act.
- 2) The Company has specified the Project to be undertaken through the agency/trust/societies which shall preferably be in Thrust Areas, the modalities of utilization of funds on such projects and the monitoring and reporting mechanism which shall be at least once in three months.

- 3) The Company, may collaborate with other Companies, Boards, Corporations, Societies, Trusts and other State Government Departments and Agencies for fulfilling its CSR objects through the Indirect method provided to the respective Agencies are in a position to monitor separately such Projects.

11) FUND ALLOCATION AND OTHERS

A. Fund allocation

1. **The Company, in every Financial Year, shall endeavor to spend the sizeable amount as may be required from time to time after approval from its Board of Directors on the recommendations of CSR Committee which shall not be restricted by the statutory limit of a specified percentage of its average net profits of the immediately preceding three Financial Years.** However, the aforementioned expenditure in any Financial Year shall be atleast 2% of Company's average Net profits for the three immediately preceding Financial Years.
2. The CSR Committee shall prepare a CSR Annual Plan for the above which shall include:
 - a) Identified CSR Projects
 - b) CSR expenditure
 - c) Implementation Schedules
3. Total expenditure in the CSR Annual Plan shall be approved by the Board upon recommendation by the CSR Committee.
4. In case the Company fails to spend the statutory minimum limit of 2% of Company's average net profits of the immediately preceding three years, in any given financial year or the higher amount specifically approved

and provided for CSR activities, the Board shall specify the reasons for the same in its report in terms of clause (o) of sub-section (3) of section 134 of the Act.

5. The Company has an option to carry forward such un-spent money to next year by depositing it in a separate CSR Fund (Corpus) created by the Company or to contribute to the corpus of a Trust / Society / Section 8 Company etc., as long as they are created exclusively for undertaking CSR activities.

12. MONITORING MECHANISM

- (i) The CSR Officer of the Company will coordinate / review the implementation of CSR activities at various areas and report to the Board through the CSR Committee.
- (ii) The CSR Committee shall meet at least twice in a year to monitor the implementation of CSR Plan and its activities.
- (iii) The Committee shall ensure that the CSR Policy, as amended from time to time, is displayed on the Company's website.
- (iv) The CSR Committee shall place before the Board, a draft annual report on CSR activities as per the specified format, in the quarterly board meeting to be held in June / September of the following year for Board's review and finalization.
- (v) The Board shall include in its report to the shareholders, the annual report on CSR activities as per the format specified under the Rules.
- (vi) The Company Secretary of the Company shall assist the CSR Committee and the Board for performing their respective duties under the CSR Policy, any changes by the Government in the regulations governing the CSR activities.

13. DUTIES AND RESPONSIBILITIES

1) Board of Directors

The Board shall include in its Report the annual report on CSR Projects as per the format provided in the Annexure to the Rules.

2) CSR Officer

- a) The CSR Officer shall be responsible for the proper implementation and execution of CSR projects of the Company.
- b) The CSR Officer shall be responsible for monitoring the projects vis-à-vis the Annual Plan.
- c) The CSR Officer shall send the half yearly CSR report for the CSR Committee meeting in October and CSR Annual Plan and the draft annual report as per the format in Rules for the CSR Committee meeting in June/September of the following year.
- d) The CSR Officer shall be directly responsible to the CSR Committee for any act that may be required to be done by the CSR Committee in accordance with the Policy.

14. REVIEW PERIODICITY AND AMENDMENT:

- a) CSR Plan may be revised/modified/amended by the CSR Committee at such intervals as it may deem fit.
- b) The CSR Committee shall review the Policy every two years unless such revision is necessitated earlier.

Sd/-

MANAGING DIRECTOR

DATED:06/09/2018

PLACE: SHIMLA

HIMACHAL PRADESH GENERAL INDUSTRIES CORPORATION LTD.