



BHARAT GEARS LIMITED

Geared for Life

BHARAT GEARS LIMITED

Corporate Social Responsibility (CSR) Policy

1. Preamble

Corporate Social Responsibility is a Company's commitment to operate in an economically, socially and environmentally sustainable manner, while recognizing the interests of its stakeholders. This commitment is beyond statutory requirements. Corporate Social Responsibility is, therefore, closely linked with the practice of Sustainable Development. Corporate Social Responsibility extends beyond philanthropic activities and reaches out to the integration of social and business goals. These activities need to be seen as those which would, in the long term, help secure a sustainable competitive advantage.

2. Background

Bharat Gears Limited, (hereinafter described as “BGL” or “the Company”) has, since its inception, seen itself as a responsible corporate citizen ready for giving back to the society and has been contributing in activities, which promote various social and charitable objectives.

Over the years, the Company has been contributing/donating towards various charitable activities through NGOs like ‘Action for Autism’, which is a non-profit autism society of India founded in 1991 and supports and services to the persons affected with autism and those who work with them in South Asia. The Company also carries out various CSR activities through ‘Surinder Kanwar Foundation’, a trust formed in 1997, which has been providing scholarships and other kinds of aid to the students of weaker section of the society, including supply of books, stipends, medals and other incentives to study without any distinction as to casts, creed, race, or gender in India.



3. Governance

The Company has a robust and transparent governance structure to supervise the implementation of the CSR Policy and annual action plan, in compliance with the requirements of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended.

3.1 Board of Directors

The Board is entrusted, *inter alia*, the following roles and responsibilities:

- i. Provide recommendations and approval for the annual action plan formulated and presented by the CSR Committee for spending of the prescribed CSR budget.
- ii. Alter the recommended annual action plan at any time during the financial year, if required, as per the recommendation of CSR Committee, based on the reasonable justification to that effect.
- iii. Ensure that the Company spends, in every financial year, at least 2% of the average net profits made during the three immediately preceding financial years, in pursuance, of the Company's CSR Policy, if applicable.
- iv. Ensure that the Company treats the CSR Spends i.e. CSR surplus, excess expenditure and unspent CSR funds as per the modalities prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended.
- v. Specify in its Report the reasons for not spending the amount if the Company fails to spend such amount.
- vi. Disclose the composition of the CSR Committee, CSR Policy and Projects approved by the Board on the Company's website, if any, for public access.

3.2 CSR Committee

The Company has already constituted a CSR, which comprises of the following Directors.

- (i) Mr. Surinder Paul Kanwar – Committee Chairman
(Chairman and Managing Director)
- (ii) Mr. Sameer Kanwar – Member
(Joint Managing Director)
- (iii) Mr. Rakesh Chopra – Member
(Independent Director)



The committee is entrusted, *inter alia*, the following tasks:

- (a) Formulate and recommend to the Board, Corporate Social Responsibility (CSR Policy) and annual action plan in pursuance of CSR Policy consisting of list of approved projects or programs to be undertaken within the purview of Schedule VII of the Companies Act, 2013, manner of execution of such projects, modalities of fund utilization and implementation schedules, monitoring and reporting mechanism for the projects, and details of need and impact assessment, if any, for the projects to be undertaken.
- (b) Monitor the Corporate Social Responsibility Policy and annual action plan of the Company from time to time.
- (c) Recommend the amount of expenditure to be incurred on the activities referred to in clause (a) above.
- (d) Institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the company.

This Corporate Social Responsibility Policy has been formulated and recommended by the CSR Committee of the Company pursuant to the provisions of Section 135(3)(a) of the Act, Schedule VII of the Act and the rules made there under.

4. CSR Policy: Scope and Objectives

In order to carry out the charitable activities in a structured manner and to streamline and provide more focus and direction to the activities undertaken by the Company in its sphere, it is decided to formulate a policy on Corporate Social Responsibility (hereinafter described as **"the Policy"**).

Further, Section 135 of the Companies Act, 2013 (hereinafter described as **"Section 135"**) and the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended (hereinafter described as **"the rules"**) have also laid down Guidelines for CSR Programme for the Companies falling into the criteria of mandatory provision for CSR which is Net Profit of rupees five crores or more during immediately preceding financial year.

This policy is formulated in line with the requirements of the Companies Act, 2013 (hereinafter described as **"the Act"**) and shall be applicable on uniform basis.

5. Areas of activities to be undertaken.

The Company shall be undertaking one or more of the following activities from time to time:

- 5.1 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

- § Participating in the mid-day meal programs, providing financial assistance to orphanages, old age homes, child welfare organizations etc. for purchase of cereals, grocery, pulses etc. for providing nutritional food to the children and inmates.
- § To spread awareness about the life style to be followed to prevent disease like diabetes, cardiac and respiratory diseases and lifestyle disorders.
- § Promoting camps against use of alcohol, smoking, drug abuse etc.
- § Partnering with organizations which volunteer for detection and prevention of chronic diseases, by conducting medical camps and other activities.
- § To associate with schools, self-help groups, old age homes in setting up sanitation facilities and safe drinking water.
- § To assist in installation of water purifiers, pumps and digging/renovation of wells in villages, townships, rural areas etc.
- § To provide all assistance to poor people to prevent diseases.
- § Any other projects related to the above.

5.2 Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects

- § To provide Education Kit comprising study material, uniforms etc. to the poor students of Govt. Schools.
- § Adoption of Government Schools and/or providing financial assistance to schools, colleges, libraries, reading rooms, universities, laboratories, research and institutions of the like nature in India for the use of the students and the staff and also for the development and advancement of education and diffusion of knowledge amongst the public in general.
- § To provide financial assistance to promote vocation skills among children, women, elderly and differently abled people.
- § To extend support/educational assistance to children from financially backward families and underprivileged community as part of the Company's social responsibility.



- § To provide cash awards to students studying in School/Colleges and has secured high academic/professional records.
 - § Any other projects related to the above.
- 5.3 Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups**
- § Activities to prevent discrimination of girl child and promote girl education and employment.
 - § Activities for women empowerment and health care of pregnant women.
 - § Support old age homes.
 - § Support orphanages.
 - § Any other project related to the above.
- 5.4 Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga**
- § In Association with various local authorities, as part of promotion of green environment, conduct awareness programs/distribute reusable recyclable carry Bags to various households.
 - § To provide all support for encouraging organic farming
 - § To undertake various CSR projects specified by Government for rejuvenation of Ganga River such as Ghat construction/modification/extension, cleaning of Ghats, construction/modification/extension of Crematoria, Tree plantation, etc.
- 5.5 Protection of national heritage, art and culture including restoration of building and sites of historical importance and works of art and setting up of public libraries; promotion and development of traditional art and handicrafts**
- § To provide financial assistance to local museums, heritage centers for upholding the heritage value.



- § To set up public libraries in association with local authorities in rural areas.
 - § Organising local events such as exhibitions and fairs to promote handcrafted products in order to promote traditional arts and crafts from various parts of the Country.
 - § Any other projects related to the above.
- 5.6 Measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows**
- § Any project related to the above.
- 5.7 Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports**
- § To provide financial assistance to centers engaged in promoting sports/providing training to promote rural sports, nationally recognized sports and Olympic sports.
 - § Any other projects connected related to the above
- 5.8 Contribution to the Prime Minister's national relief fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women**
- § Contribution to the Prime Minister's national relief fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the Central Government for betterment of living standards, health and safety, sanitation, education, women empowerment and safety.
 - § Contribution to any other fund or programme of Central Government for relief and welfare of the schedule caste, tribes, other backward classes, minorities and women.
 - § Any other projects related to the above.
- 5.9 Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking**



or any agency of the Central Government or State Government; and Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs)

§ Contribution to Government Undertakings, Public Funded Universities, Research Centers and other Organizations engaged in research and development with the main focus on promoting sustainable development.

§ Any other project connected to the above.

5.10 Rural Development projects

§ To carry out or provide financial assistance to various rural development projects in association with local bodies.

§ Any other project related to the above.

5.11 Slum area development

§ Building Community Toilets in Slum areas in order to provide better access to utilities to the people living in these areas with main focus on Sanitation.

§ Setting up of community managed drinking water supply system in slum areas in association with local bodies in order to provide clean drinking water to the people living in these areas.

Explanation - For the purposes of this item, the term 'slum area' shall mean 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.



5.12 Disaster management, including relief, rehabilitation and reconstruction activities.

- § Providing funds to the rescue and relief operations conducted by Government and other local bodies in disaster affected areas during unfortunate natural occurrences such as earthquake, floods, cyclone, forest fires, tsunami, etc.
- § Provision of essential relief such as safe drinking water, medical aid, health camps and supply of daily essentials to the affected areas.
- § Distribution of clean drinking water, hygiene kits, kitchen kits, medicines, etc in the affected areas.
- § Planting trees and organising educational programmes with the help of local bodies to create awareness among people in rural and disaster prone areas on conservation and equitable distribution of natural resources, tree plantation, water conservation, floriculture, etc.

6. Activities not to be taken up under CSR Programme

- Any project not in conformity or not in line with activities mentioned above.
- Any projects or programs or activities that benefit only the employees of the Company and their families.
- Any programmes or activities of a political party.
- Activities as obligation or for fulfillment of any requirements under an Act or Statute or Regulations (such as Labour Laws, Land acquisition Act, etc.)
- One-off events such as marathons/ awards/ charitable contribution/ advertisement/ sponsorships of TV programmes.
- 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,
- activities supported by the Company on sponsorship basis for deriving marketing benefits for its products or services,
- Projects or programmes undertaken in pursuance of normal course of business of the Company. etc.

7. Mode of Execution

The activities will be executed directly by the Company or through:

- (a) a Company established under Section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act,



1961, established by the Company, either singly or along with any other Company, or

- (b) a Company established under Section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or
- (c) any entity established under an Act of Parliament or a State legislature; or
- (d) a Company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

8. Methodology

The following methodology shall be adopted in planning and execution of the CSR projects, programs and activities:

8.1 Planning

The planning for Corporate Social Responsibility shall start with the identification of the activities/projects to be undertaken. CSR projects/activities shall be undertaken in the periphery where the company carries out its commercial activities as far as possible. Where this is not possible, the Company may choose to locate CSR projects anywhere in the Country.

Corporate Social Responsibility strategies shall be developed that mandate the design of Corporate Social Responsibility, Annual Action Plan, with project based accountability approach.

The Annual action plan under CSR shall be integrated with the social and environment concerns related to the business of the Company.

Selection of activities under CSR shall be made to ensure that the benefits reach the smallest unit i.e. village, panchayat, block or district depending upon the operations and resource allocation. The approach to CSR planning shall be long-term sustainable approach. The Project Management and Monitoring skills available shall be shared as far as possible, with the local administration by training and setting up required structures and systems.

The Corporate Social Responsibility Plan shall match with the Business Plan. Each of these plans shall clearly specify:

- i) Requirements relating to baseline survey;
- ii) Activities to be undertaken;
- iii) Budgets allocated;



- iv) Time-lines prescribed;
- v) Responsibilities and authorities defined;
- vi) Major results expected.

Such plans shall also clearly specify the implementation guidelines and the involvement of the implementing agency. The procedures and methodologies prescribed for monitoring shall be highlighted as well as the modalities of the concurrent and final evaluation. Finally, there shall mandatory documentation of the experience.

8.2 Implementation

CSR initiatives of the Company shall consider the following parameters for identification/selection of schemes/projects:

- (i) Thrust shall be given wherever possible to areas related to the business of the Company as a natural corollary to the business.
- (ii) CSR activities shall generate community goodwill, create social impact and visibility.
- (iii) For every project, the time frame and periodic milestones shall be finalized at the outset.
- (iv) CSR activities shall also involve the suppliers in order to ensure that the supply-chain also follows the CSR principles.
- (v) CSR activities shall help in building a positive image of the Company in the public perception.
- (vi) CSR activities may also be related to Programmes on Environment.
- (vii) CSR projects may be closely linked with the principles of Sustainable Development, based on the immediate and long-term social and environmental consequences of their activities.
- (viii) The Company shall shoulder responsibility for restoring/compensating for any ecological damage that is taking place as a result of its operations.
- (ix) Care may be taken for fulfillment of the education and skill enhancement, empowerment and support, ensuring gender sensitivity, entrepreneurship development and employment generation by co-creating value with local institutions/people etc.
- (xi) Donations to philanthropic/ charity or other organizations for the CSR activities mentioned in clause 5.



The Company shall generate awareness among all levels of their staff about CSR activities and the integration of social processes with business processes. Those involved with the undertaking of CSR activities shall be provided with adequate training and re-orientation.

While assigning CSR projects to specialized agencies, every possible effort shall be made to verify the reliability and clean track record of agencies.

8.3 Monitoring of schemes and projects

The Company shall have panel to monitor progress of the projects undertaken and/or supported by the Company.

A Quarterly Progress Report (QPR) shall be prepared by the Monitoring Group/Panel and submitted to the CSR Committee.

9. Territory for CSR spend

The Company should give preference to the local area and areas around the project sites, registered office, branch offices and administration offices of the Company for spending the amount earmarked for CSR activities. The activities will be restricted to the geographical boundaries of India.

10. The CSR Budget

The amount of expenditure to be spent for CSR and the projects, programmes or activities undertaken in each financial year will be recommended by the CSR Committee of the Company and the same will be approved by the Board of Directors with or without modification, which shall be calculated in accordance with the relevant provisions of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended.

For an ongoing project, if any amount budgeted to be spent for the year remains unspent, then such an unspent amount will be allocated towards such ongoing project for spending in any of the three succeeding financial years and will be transferred to the Unspent Corporate Social Responsibility account opened with a scheduled bank by the Company within 30 days from the end of the financial year. For other projects, such amount will be transferred to a fund specified in Schedule VII of the Act within 6 months of the expiry of the financial year.

The surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of the Company and will be ploughed back into the project(s) in the current Financial Year or be allocated for an ongoing project to be spent in any of the three succeeding financial years or will be transferred to a fund specified in Schedule VII of the Act.



Any excess expenditure i.e., beyond the prescribed CSR budget will be disclosed in the Board's CSR Report and shall be made available for set off against the CSR requirement to spend up to immediate succeeding three financial years subject to the conditions that –

- (i) the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any.
- (ii) the Board shall pass a resolution to that effect..

The Company may spend up to five percent of its total CSR expenditure towards administrative overheads for the financial year for the purpose of CSR functions in the Company.

The Company may spend its CSR amount for creation or acquisition of the capital asset subject to the fulfilment of conditions as specified under the provisions of the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended and as may be amended from time to time.

11. Types of Expenditure to be considered as related to CSR activities

Following are the types of expenditure, which will also be considered as expenditure on the CSR activity:

- Salaries paid to regular CSR staff and volunteers (in proportion to time spent on CSR activities) can be factored into CSR project cost as part of CSR expenditure.
- Expenditure incurred by the foreign holding company for CSR activities in India will qualify as CSR expenditure of the Indian subsidiary if:
 - the CSR expenditure is routed through the Indian subsidiary
 - the Indian subsidiary is covered under CSR provisions of the Act.
 - contribution to corpus of a trust/ society/ company with charitable objects, etc. will qualify as CSR expenditure if either of the following is fulfilled:
 - such entities are created exclusively for undertaking CSR activities
 - the corpus is created exclusively for a purpose directly relatable to a subject covered in schedule VII of the Act.

12. CSR Monitoring and Reporting Mechanism for the Projects

The CSR Committee shall be responsible for monitoring and evaluation of the ongoing projects on a quarterly basis, the amount of expenditure, as approved by the Board of Company and proper utilization of funds Apart from the above, the Board Report of the



Company shall include an annual report on CSR containing the particulars in the prescribed format.

13. Website Disclosures

The following shall be disclosed on the website of the Company:

- The composition of the CSR Committee;
- CSR Policy and Projects approved by the Board; and
- CSR policy.

14. Certification by CFO

The Board of Directors will satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer will certify the same to that effect.

15. Impact Assessment of CSR Projects

The Company shall undertake impact assessment as per the provisions of the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended as and when the Company's CSR obligation exceeds the threshold of Rupees Ten Crores or more in the immediately preceding three years through an independent agency, of its CSR projects having outlays of Rupees One Crore or more, and which have been completed not less than one year before undertaking the impact study. The impact assessment reports shall be placed before the Board and shall be annexed to the Annual Report on CSR. The Company undertaking impact assessment may book the expenditure towards Corporate Social Responsibility for that financial year, which shall be as per the provisions of the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended and as may be amended from time to time.

16. Validity and authority for modification/amendments

This CSR policy shall be effective with the commencement of the Financial Year from 1st April, 2014 and will be in force till such time it is modified or amended by the Board of Directors on recommendation of the CSR Committee.

17. Interpretation

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2014, as amended and as may be amended from time to time shall have the meaning respectively assigned to them therein.



18. Amendment to the Policy

The Board of Directors may amend this Policy from time to time as the situation warrants and as may be recommended by the CSR Committee.

The policy has been initially approved by the Corporate Social Responsibility Committee of the Board of Directors of the Company on 28 January, 2015, amended on 03 November, 2017 pursuant to the reconstitution of the Corporate Social Responsibility Committee, on 29 January, 2020 pursuant to the amendments in the Companies Act, 2013 and for other changes as deemed necessary and further amended on 11th June, 2021 pursuant to the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 .

For Bharat Gears Limited

Surinder Paul Kanwar
(Chairman and Managing Director)