



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 ‘SurinderKanwar 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. CSR Committee

The Company has already constituted a CSR committee vide circular resolution passed by the Board of Directors on 15th January 2015, which comprises of the following Directors.

- (i) Mr. Surinder P. Kanwar – Committee Chairman
(Chairman and Managing Director)
- (ii) Mr. Sameer Kanwar – Member
(Joint Managing Director)
- (iii) Mr. Rakesh Chopra – Member
(Independent Director)
- (iv) Mr. S.G. Awasthi – Member
(Independent Director)

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

- (a) Formulate and recommend to the Board, a Corporate Social Responsibility Policy (CSR Policy) which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act, 2013 (the Act).
- (b) Monitor the Corporate Social Responsibility Policy 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 (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 a 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 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

- § 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
- § Any other projects related to the above.

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

- § 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.



§ Any other projects related to the above.

5.6 Measures for the benefit of armed forces veterans, war widows and their dependents

§ 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 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.

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, etc.



7. Mode of Execution

The activities will be executed directly or through registered and accredited trusts, Section 8 Company, Society or NGO or in collaboration with other companies.

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 Action Plan (which may be Long term, medium-term and short-term or Annual Plan), with project based accountability approach.

The Annual 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 long-term Corporate Social Responsibility Plan shall match with the long term Business Plan. This shall be broken down into medium term and short term plans.



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 be 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.
- (x) CSR activities may be implemented through specialized agencies, which may include one or more of the following:-
 - i) Community based organizations;
 - ii) Elected local bodies such as Panchayats;
 - iii) Voluntary Agencies (NGOs);
 - v) Trusts, Missions, etc.;
 - vi) Self-help Groups in the form of registered societies;
 - vii) Contracted agencies for civil works;
 - viii) Professional Consultancy Organizations, 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 such agencies.



8.2 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 in their first meeting held in each financial year.

If in any financial year the Company couldn't spend the budgeted amount due to any reason whatsoever, the unutilized amount will be carried forward and added to the budget of the next financial year.

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

The CSR Committee shall monitor the amount of expenditure as approved by the Board of Company. Apart from the above, the Directors' Report of the Company shall include an annual report on CSR containing the particulars in the prescribed format.

13. Display of the CSR Policy in the website of the Company

This policy shall be placed in the website of the Company.

14. 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.

15. 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.