



BHARAT GEARS LIMITED

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Corporate Social Responsibility (CSR) Policy

1. Preamble

Corporate Social Responsibility ("CSR") is a Company's commitment to operate in an economically, socially and environmentally sustainable manner.

The Company strives to foster an inclusive environment while working towards social and economic upliftment of communities and protecting the ecosystem. Through a host of initiatives, the Company intends to strengthen communities around which it operates and take forward its mantra of building a better tomorrow.

This policy acts as the framework within which the Company is free to explore the comprehensive areas and varied aspects of the Corporate Social Responsibility that may require attention pursuant to the provisions of the Companies Act, 2013 ("The Act") and the Companies (Corporate Social Responsibility Policy) Rules, 2014 ("The Rules"), as amended from time to time.

2. Background

Bharat Gears Limited, (hereinafter described as "**BGL**" or "**the Company**") has, since its inception, participated in events that support a variety of social and charitable goals, viewing itself as a responsible corporate citizen willing to give back to the community.

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 that provides support through its services to people 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. Definitions

The definitions of the key terms used in this Policy are given below:

- a. **CSR Surplus:** The term "CSR Surplus", refers to the income generated from the spend on CSR activities or projects by the Company.
- b. **Ongoing projects:** The term "ongoing projects" in relation to the Company's CSR Policy refers to a multi-year project that spans more than one financial year and has a timeline of not more than three years, excluding the year of commencement. It further includes projects that were not approved as multi-year projects but have been extended beyond one year by the board based on reasonable justification.
- c. **Administrative overheads:** "Administrative overheads" refers to the expenses incurred by the Company for "General Management and Administration" of its CSR functions. However, expenses incurred during a project implementation, shall not form a part of administrative overheads and must be included solely in project costs.
- d. **Impact Assessment:** the term "Impact Assessment" refers to a formal process to access the effectiveness, relevance and social impact of a particular CSR project. It serves as feedback for the Company to plan and allocate resources with the maximum effectiveness and efficiency.
 - An impact assessment can be carried out by the Company if it fulfils the following two statutory conditions: -
 - a) CSR obligation for the year is Rs. 10 Crore or more, and
 - b) it has a CSR project with a minimum outlay of Rs. One Crore, and such project has completed not less than a year before undertaking impact assessment.

The impact assessment is to be conducted by an Independent Agency. The Board of Directors of the Company has the prerogative to decide on the eligibility criteria for selection of the independent agency for Impact



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Assessment. Further, the Impact Assessment reports shall be placed before the Board and shall form a part of the Annual Report on CSR.

e. **Annual Action Plan:** The term “**Annual Action Plan**” refers to, a plan formulated and recommended by the CSR Committee to the Board in pursuance of its CSR policy. This annually designed action plan must include:

- a list of the **CSR projects** or programmes to be undertaken;
- Annual budget of CSR obligation and **manner** in which such projects or programmes will be undertaken;
- details of implementing agency(s), if any;
- the **modalities** of use of funds and implementation schedules for the projects or programmes;
- the **monitoring and reporting mechanism** for the projects or programmes; and
- details of the need and impact assessment, if any, for the projects or programmes.

The Company's Board can alter such plan at any time during the Financial Year, as per the recommendation of the CSR Committee, based on a reasonable justification to that effect.

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

4. Effective Date

This policy shall be effective from the commencement of the Financial Year from 1st April, 2014.

5. 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.

Further, the Company's Board of Directors are inherently charged with the responsibility to establish/re-establish the CSR Committee as needed to meet statutory requirements. The Company through its Board shall make sure that the CSR Committee, so constituted must consist of a minimum of 3 Directors, at least one of whom must be an Independent Director.

The Board and the Committee have their own respective roles and responsibilities in relation to the Company's Corporate Social Responsibility, which are given under as follows:

5.1 Board of Directors

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

- (a) Provide recommendations and approve the annual action plan, formulated by the CSR Committee;
- (b) 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;
- (c) Ensure that the Company, in every financial year, **spends at least 2% of the average net profits made during three immediately preceding Financial Years**, in accordance with the Company's CSR Policy and applicable laws framed thereunder and shall specify in its Boards' Report the reasons for not spending such amount if the Company fails to do so;
- (d) Ensure that the Company treats the CSR Spends i.e. CSR surplus, excess expenditure and unspent CSR funds appropriately as per the modalities prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended;



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- (e) Disclose the CSR Policy, the composition of CSR Committee, and Projects approved by the Board on the Company's website, for public access. Additionally, the Board shall make sure that an Annual Report on CSR is included in the Company's Board's Report, as part of its CSR reporting mechanism.

5.2 CSR Committee

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, in every Financial Year as CSR obligation, to the Board. The aggregate amount of recommendation in a Financial Year **shall be at least 2% of the average net profits made during three immediately preceding Financial Years**, in accordance with the Company's CSR Policy and applicable laws framed thereunder.
- (d) Institute a transparent monitoring mechanism for implementation of the CSR projects, 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.



6. Areas of activities to be undertaken

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

6.1 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.

6.2 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.



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- 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.

6.3 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

- 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.



6.4 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.

6.5 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 centres 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.



6.6 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.

6.7 Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports

- To provide financial assistance to centres engaged in promoting sports/providing training to promote rural sports, nationally recognized sports and Olympic sports.
- Any other projects connected related to the above

6.8 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.



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6.9 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 Organization (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 Centres and other Organizations engaged in research and development with the main focus on promoting sustainable development.
- Any other project connected to the above.

6.10 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.

**6.11 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.

6.12 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.

7. Activities not to be taken up under CSR Programme

- 7.1 Any project not in conformity or not in line with activities mentioned above.



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- 7.2 Any projects or programs or activities that benefit only the employees of the Company and their families.
- 7.3 Any programmes or activities of a political party.
- 7.4 Activities as obligation or for fulfilment of any requirements under an Act or Statute or Regulations (such as Labour Laws, Land acquisition Act, etc.)
- 7.5 One-off events such as marathons/awards/charitable contribution/advertisement/sponsorships of TV programmes.
- 7.6 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,
- 7.7 activities supported by the Company on sponsorship basis for deriving marketing benefits for its products or services,
- 7.8 Projects or programmes undertaken in pursuance of normal course of business of the Company. etc.

8. 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



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Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

And have obtained registration under Form CSR-1 and any other form as may be notified by MCA from time to time.

9. METHODOLOGY

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

9.1 Planning

The planning for CSR shall start with identification of the activities/projects to be undertaken, which shall ideally be within the periphery where the company carries out its commercial activities. Corporate Social Responsibility strategies shall be developed in consistency with the policy and the Annual Action Plan, coupled with application of a project-based accountability approach.

9.2. Implementation

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

1. Thrust shall be given wherever possible to areas related to the business of the Company as a natural corollary to the business.
2. CSR activities shall generate community goodwill, create social impact and visibility.
3. For every project, the time frame and periodic milestones shall be finalized at the outset.
4. CSR activities shall help in building a positive image of the Company in the public perception.
5. CSR activities may also be related to Programmes on Environment.
6. The Company shall shoulder responsibility for restoring/compensating for any ecological damage that is taking place as a result of its



operations.

7. Care may be taken for fulfilment 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.
8. 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 those involved with the undertaking of CSR activities shall be provided with adequate training.

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

9.3 Monitoring of schemes and projects

The Company shall constitute a panel by designating one or more persons as it deems fit, to monitor the progress of the projects undertaken and/or supported by the Company.

A Progress Report (PR) shall be prepared by the Monitoring Panel and submitted to the CSR Committee for them to evaluate the progress of the CSR initiatives and to ensure better administration of the projects or activities undertaken/supported by the Company, as the case may be.

Further, the Chief Financial Officer ("CFO") will attest to the fact that the funds so distributed have been used for the reasons and in the manner that the Board has approved.

10. Territory for CSR spend

The Company shall 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, which will further be restricted to the geographical boundaries of India.

**11. The CSR Budget**

The Company shall spend, in every financial year, at least 2% of the average net profits made during the three immediately preceding financial years as recommended by the CSR committee and approved by the board.

In case where the Company spends less than the amount required to be spent under its CSR obligation, the Board shall specify the reasons for the same in its Report and the Company shall deal with the unspent amount in the following manner:

Transfer of Unspent Amount:

S. NO.	NATURE OF THE UNSPENT AMOUNT	ACTION TO BE TAKEN	TIMELINE
1.	Unspent amount pertaining to the "Ongoing Projects"	Transfer the unspent amount to a "unspent CSR account" a separate bank account of the company	Within 30 days from the end of the financial year
2.	Unspent amount pertaining to the "activities/programmes other than the Ongoing Projects"	Transfer the unspent amount to any fund specified in schedule VII of the Act	Within 6 months from the end of the financial year

The surplus arising out of the CSR initiatives shall not form part of the business profit of the Company, and shall be dealt with in the following manner;

- a) Shall be ploughed back into the same project; or
- b) Shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and Annual Action Plan of the Company or shall be transferred to a fund specified in Schedule VII of the Act, as the case may be

Additionally, where a Company spends an amount in excess of its CSR obligation for the Financial Year, such excess amount shall be considered for setting off against its CSR obligation for the immediately succeeding three financial years, subject to the following conditions:



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- a) The excess amount available for set off shall not include the surplus arising out of any existing CSR initiative undertaken or engaged in by the Company.
- b) The Board shall pass a resolution, for such set off.

The excess CSR amount spent can be carried forward for up to the next three Financial Years. Therefore, any surplus amount left over for set-off will expire at the conclusion of the specified period. Further, to meet its CSR obligation for the Financial Year, the Company may spend up to 5 percent of its total CSR expenditure on administrative overheads. However, the expenses incurred by the implementing agencies on the management of CSR activities shall not amount to administrative overheads and cannot be claimed by the Company. As long as the requirements outlined in the Companies (Corporate Social Responsibility Policy) Rules, 2014 are met, the amount of the company's CSR obligation may be used to create or purchase a capital asset.

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.

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- the corpus is created exclusively for a purpose directly relatable to a subject covered in schedule VII of the Act.

12. 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.

13. Implementation

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 and further, this policy has been amended and adopted by the Corporate Social Responsibility Committee of the Board of Directors of the Company as per the following details:

S.no.	Date of Amendment	Particulars of Amendment
1.	03 November, 2017	To Reconstitute the Corporate Social Responsibility Committee.
2.	29 January, 2020	To incorporate the necessary amendments pursuant to the amendments in the Companies Act, 2013 and for other changes as deemed necessary.
3.	11 June, 2021	To incorporate the necessary amendments pursuant to the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.
4.	24 January, 2025	To incorporate the necessary changes as deemed necessary.



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14. Conclusion

CSR is a board-driven process, and the Board of Directors are responsible for planning, approving, executing, and monitoring the Company's CSR activities based on the recommendations of its CSR committee. The Company understands that the architecture of the CSR is legally based on disclosures and the purpose of the CSR provisions is to involve corporate citizens in the process of social development. The company, thus makes sure to uphold its duty as a good corporate citizen to assist the underprivileged and deprived class. The hierarchical network structure and critical factors outlined in this policy will help to implement strategic CSR.

For Bharat Gears Limited

Surinder Paul Kanwar

(Chairman and Managing Director)