

**BAROTA FINANCE LIMITED**

**Corporate Social Responsibility**

**(CSR POLICY)**

## CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

### INTRODUCTION

Section 135 of the Companies Act, 2013 ("the Act") mandates the following classes of companies to formulate and adopt a Corporate Social Responsibility (CSR) Policy and draw out a framework for CSR:

- a) Net worth of Rs. 500 Crore or more; or
- b) Turnover of Rs. 1000 Crore or more; or
- c) Net profit of Rs. 5 Crore or more

In accordance with the said mandate of the Act and rules made thereunder, since Barota Finance Limited (hereinafter referred as '**BFL**'/ '**Company**') qualifies third criteria, during the immediately preceding financial year 2021-2022, it is required to formulate and adopt CSR Policy.

The Board of Directors of the Company had adopted this CSR Policy in terms of section 135(3)(a) of the Act read with the Companies (Corporate Social Responsibility) Rules, 2014 ('**Rules**') and Schedule VII made.

The objective of this Policy is to provide an overall CSR framework, which shall at all relevant times be closely aligned with the requirements of relevant provisions of the Act.

### DEFINITIONS:

- "Administrative overheads" means the expenses incurred by the Company for 'general management and administration' of CSR functions in the Company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular CSR project or programme;
- "Corporate Social Responsibility" means the activities undertaken by the Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in the Rules, but shall not include the following, namely:-
  - i. activities undertaken in pursuance of normal course of business of the Company:

Provided that any Company engaged in research and development activity of new vaccine, drugs and medical devices in their normal course of business may undertake research and development activity of new vaccine, drugs and medical devices related to COVID-19 for financial year 2022-23 subject to the conditions that-

    - a. such research and development activities shall be carried out in collaboration with any of the institutes or organizations mentioned in item (ix) of Schedule VII to the Act;
    - b. details of such activity shall be disclosed separately in the Annual report on CSR included in the Board's Report;
  - ii. any activity undertaken by the Company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;
  - iii. contribution of any amount directly or indirectly to any political party under section 182 of the Act;
  - iv. activities benefitting employees of the Company as defined in section 2(k) of the Code on Wages, 2019 (29 of 2019);
  - v. activities supported by the Companies on sponsorship basis for deriving marketing benefits for its products or services;
  - vi. activities carried out for fulfilment of any other statutory obligations under any law in force in India;
- "CSR Committee" means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act;
- "CSR Policy" means this Policy, being the policy document, containing the approach and direction statement given by the Board of Directors of the Company, taking into account the recommendations of CSR Committee. It also includes the guiding principles for selection, implementation and monitoring of the CSR projects or programmes or activities as well as the formulation of 'annual CSR action plan'.
- "CSR Programme(s)" means any CSR projects or programmes or activities undertaken by the Company as per CSR

Policy, that is in line with the activities in the areas or subjects as specified in Schedule VII of the Act, as amended;

- “Implementing Agency” shall mean such agency through which the CSR Programme of the Company may be implemented, subject to the same being any of the following:
  - a) a company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company;
  - 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;
  - c) any entity established under an Act of Parliament or a State legislature;
  - d) a company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or 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.

Explanation.-For the purpose of clause (c), the term “entity” shall mean a statutory body constituted under an Act of Parliament or State legislature to undertake activities covered in Schedule VII of the Act.’

***Provided that every entity mentioned above, must have registered themselves with the Central Government by filing the form CSR-1 electronically with the Registrar.***

- “International Organisation” means an Organisation notified by the Central Government as an international Organisation under section 3 of the United Nations (Privileges and Immunities) Act, 1947, to which the provisions of the Schedule to the said Act apply;
- “Net profit” means the net profit of the Company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely:
  - i. any profit arising from any overseas branch or branches of the Company, whether operated as a separate company or otherwise; and
  - ii. any dividend received from other Companies in India, which are covered under and complying with the provisions of section 135 of the Act;
- “Ongoing Project” means a multi-year project undertaken by the Company in fulfilment of its CSR obligation having timelines not exceeding 3 years excluding the financial year in which it was commenced, and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond 1 year by the Board based on reasonable justification;
- “CSR Unspent Account” means an account opened by the Company with a scheduled commercial bank in terms of section 135(5) of the Act;
- “Public Authority” means ‘Public Authority’ as defined in section 2(h) of the Right to Information Act, 2005;

All other words and phrases not defined herein shall have the same meaning and definition as specified under the Act or the Rules as may be amended from time to time.

#### **OVERVIEW:**

The Company looks forward to make a positive difference in the society. The Company firmly believes that it has commitment towards all its stakeholders – customers, employees, and the community in which it operates, and it can fulfil this commitment only by sustainable and inclusive growth. The Company aims to improve the quality of life through its positive intervention in the community.

BFL’s key CSR initiatives is undertaken with a long-term view and therefore, initiatives that are sustainable and that have long-term benefits to the society at large are given priority.

## **IMPLEMENTATION OF CSR ACTIVITIES**

BFL will undertake its CSR activities, approved by the CSR Committee through:

- a) Directly or through a registered trust, society or Company established by BFL or its Holding, Subsidiary or Associate, Promoter Group Company under section 8 of the Companies Act, 2013;
- b) Any other Foundations, trusts, or a Section 8 company (or erstwhile Section 25 company) or any other form of entity with a track record of at least three years in carrying out activities in related areas.
- c) BFL may also collaborate with other Companies or Institutions for undertaking projects or programs for CSR activities

## **OBJECTIVES OF CSR POLICY**

1. The objectives of the CSR policy is to promote socio economic development in rural areas, improve education, eradicate extreme hunger and poverty, promote gender equality and empowering women, reducing child mortality and improving maternal health, health care and sanitization, ensuring environmental sustainability, employment enhancing vocational skills, social business projects, promoting and protecting natural heritage and culture and such other matters of common good.
2. Contribution to the prime Ministers National relief fund or any other fund set up by Central Govt. or State Govt. for social economic development, relief and rehabilitation of persons effected by natural calamities, funds for the welfare of schedule Caste and Schedule Tribes and other backward classes, minority and women.
3. Promotion and Financing any other activities to be advised by the Govt. or approved by the Board from time to time.
4. Promote eligible Trusts and Societies and/or encourage eligible trusts and societies or other implementing agencies, registered under section 8 of the Companies Act, who are engaged in promoting the above objectives solely with our company or jointly with any other companies.

## **GOVERNANCE**

### **❖ CONSTITUTION OF CSR COMMITTEE\*\***

1. The CSR committee of the Board should be constituted by the Board of Directors of the Company from time to time. The committee shall consist of at least three Directors\*. The composition of the CSR Committee shall be disclosed in the Board report as per sub section (3) of section 134 of the Companies Act.
2. The Chairman of the CSR Committee may be any one of the Directors of the Company who is a member of the CSR Committee.
3. The CSR Committee shall hold its meeting at least once in a year or such other convenient intervals as may be decided by the Chairman of the CSR Committee.
4. The CSR Committee shall ensure that the CSR activities in the Company are conducted as per the CSR policy and performance vis-a-vis the projections are placed before the Board of the Directors on half yearly basis as at Sept/ March.

***\*\*Sec 135(9) of Companies act, 2013 states that where the amount to be spent by a company under sub-section (5) does not exceed fifty lakh rupees, the requirement under sub-section (1) for constitution of the Corporate Social Responsibility Committee shall not be applicable and the functions of such Committee provided under this section shall, in such cases, be discharged by the Board of Directors of such company.***

***\*BFL, being a wholly owned subsidiary of Indo Farm Equipment Limited is not required to appoint Independent Director.***

### **❖ FUNCTIONS OF CSR COMMITTEE**

Keeping in line with Section 135 of the Companies Act, 2013 (hereinafter referred to as 'the Act'), the Board of Directors of the Company will form Corporate Social Responsibility Committee (hereinafter referred to as the 'CSR Committee') headed by the Chairman, to inter alia, carry out the following functions:

1. The CSR Committee of the Board shall formulate and recommend a CSR policy to the Board, indicating the activities to be undertaken under CSR policy which is in tune with the Schedule VII of the Companies Act and any modifications made by the Govt. from time to time. The Committee shall also review the CSR policy from time to time / once in a year or such other periodical intervals as may be required.
2. The CSR Committee shall estimate, compute the amount of expenditure to be incurred on CSR activities on an annual basis or project to project basis. All the expenditure to be incurred towards CSR activities shall be reviewed by the Board, subject to such monetary ceilings as may be prescribed by the Company's Act. Unutilized CSR budget of a particular year to be permitted for carryover to the next financial year as per the provisions of the Act.
3. The CSR Committee of the Board to monitor the progress in implementation of CSR projects and programs and report to the Board.

#### ❖ **CSR EXPENDITURE AND UNSPENT AMOUNT**

- The Company shall endeavor to spend, in every financial year, at least 2% of the average net profits made during the three immediately preceding financial years, in pursuance of its CSR Policy.
- Any expenditure incurred on the CSR Programmes or activities undertaken only in India shall qualify as CSR expenditure.
- The CSR expenditure can be either revenue expenditure or capital expenditure or both.
- Where the Company spends an amount in excess of 2% of its average net profits, such excess amount may be set off against the requirement to spend 2% of its average net profits up to immediate succeeding 3 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 of the Company shall pass a resolution to that effect.
- Further, any surplus arising out of the CSR activities shall not form part of the business profit of the Company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR Policy and annual action plan of the Company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.
- The expenditure can be in cash including but not limited to cheque, NEFT, RTGS etc.; the mode of spending shall be as per the CSR Policy, on a project which is eligible for CSR. Expenditure in kind shall not be allowed.
- If the Company fails to spend such prescribed CSR amount in any financial year, the Company shall specify the reasons for not spending such amount. For any unspent amount remaining against the prescribed CSR amount towards a project other than the Ongoing Project, the same shall be transferred to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year. Any amount remaining unspent pursuant to any Ongoing Project undertaken by the Company, shall be transferred by the Company within a period of thirty days from the end of the financial year to the Unspent CSR Account, and such amount shall be spent by the Company in pursuance of its obligation towards the CSR Policy within a period of three financial years from the date of such transfer, failing which, the Company shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year.

#### **CSR PROJECTS, PROGRAMS AND ACTIVITIES**

In accordance with the specified activities under the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, and any amendment(s) thereof, the thrust areas identified under the CSR activities of the Company are as under:

- 1) Eradicating hunger, poverty and malnutrition, promoting healthcare including preventive healthcare and sanitation and making available safe drinking water.
- 2) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects

- 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
- 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.
- 5) 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;
- 6) measures for the benefit of armed forces veterans, war widows and their dependents;
- 7) training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports
- 8) 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;
- 9) Contributions or funds provided to technology incubators located within academic institutions which are approved by Central Government.
- 10) Rural development projects.
- 11) Slum area Development
- 12) Disaster management, including relief, rehabilitation and reconstruction activities.

#### **MONITORING AND REVIEW MECHANISM**

The administration of the CSR Policy and the execution of identified CSR projects, programs and activities under it shall be carried out under the overall superintendence and guidance of an internal monitoring group to be formed for this purpose.

The internal monitoring group shall submit its report periodically to the CSR Committee which shall monitor the CSR activities of the Company.

Further, any or all provisions of the CSR Policy would be subject to revision/ amendment by the Board of Directors of the Company based on the recommendations of the CSR Committee or else in accordance with the guidelines on the subject as may be issued, from time to time.

#### **DISPLAY OF CSR ACTIVITIES IN THE WEBSITE**

The contents of the CSR policy of the Company as approved by the Board shall be displayed in the Companies official website