

Bhavya Cements Private Limited

Corporate Social Responsibility Policy

1. Introduction

At Bhavya Cements Private Limited (“the Company”), the Corporate Social Responsibility (“CSR”) has been an integral part of the way we have been doing our business. The Company understands that along with sustained economic performance, environmental and social stewardship is also a key factor for holistic business growth.

The Company’s CSR initiatives has played pivotal role in improving the lives of the communities and society at large and in & around our operations with an objective to energize, involve and enable them to realise their potential. This has also enabled us to fulfil our commitment to be a socially responsible corporate citizen.

This policy applies to all CSR initiatives and activities taken up by the Company for the benefit of various segments of the society, with the emphasis on the under privileged.

2. Background

The Ministry of Corporate Affairs (MCA) has notified Section 135 and Schedule VII of the Companies Act, 2013 (Act) as well as the provisions of the Companies (Corporate Social Responsibility Policy) Rules, 2014 (CSR Rules) which came into effect from April 01, 2014.

As per the Act and Rules made thereunder, every Company having net worth of _____ Rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more "during the immediately preceding financial year" shall constitute a Corporate Social Responsibility (CSR) Committee.

Key provisions of the Act related to CSR:

Every Company falling under the aforesaid criteria needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility activities;

As per Rule 3(2) of CSR Rules, companies covered under CSR provisions falls outside the ambit of CSR provisions if it ceases to fulfil the aforesaid criteria for three consecutive years. Once the company again falls within the criteria, the provisions of CSR will be applicable.

3. Purpose

The purpose of the Policy of the Company is to:

- Strive for economic development that positively impacts the society at large with minimal resource footprints;
- To specify the broad scope of CSR activities of the Company;
- To stipulate the framework under which the CSR Programme of the Company will be formulated and executed;
- To establish systems and processes for monitoring implementation of the CSR Programme;
- To ensure compliance with the provisions of Section 135 of the Act and the Rules made thereunder, and fulfil the provisions of law in letter and spirit.
- To generate goodwill and recognition among all stake holders of the company.

4. Definitions under CSR

Below are the definitions as provided in the Companies (Corporate Social Responsibility Policy) Rules, 2014. In these above rules, unless the context otherwise requires,

- a) "**Act**" means the Companies Act, 2013;
- b) "**Administrative overheads**" means the expenses incurred by the company for 'general management and administration' of Corporate Social Responsibility functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme;
- c) "**Corporate Social Responsibility (CSR)**" means the activities undertaken by a Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in these Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, but shall not include the following, namely:
 - (i) activities undertaken in pursuance of normal course of business of the company;

- (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 clause (k) of section 2 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 fulfillment of any other statutory obligations under any law in force in India.
- d) **"CSR Committee"** means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act.
- e) **"CSR Policy"** means a statement containing the approach and direction given by the board of a company, taking into account the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan;
- f) **"Net Profit"** means the net profit ascribed and calculated under the Companies Act, 2013 and CSR Rules duly amended from time to time;
- g) **"Ongoing Project"** means a multi-year project undertaken by a Company in fulfilment of its CSR obligation having timelines not exceeding three 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 one year by the board based justification.
- h) **"Organisations"** means Company established under section 8 of the Act or a registered trust or a registered society or registered under section 12A and 80 G of Income Tax Act, or established by the Central Government or State Government, or under an Act of Parliament or a State legislature respectively, and having an established track record of at least three years in undertaking similar activities

Words and expressions used in this Policy, but not defined herein shall have the same meaning as specified under the Companies Act, 2013 and the Rules thereunder.

5. **Scope of CSR Activities**

The Company may carry out any project, program or activity in the areas specified under Schedule VII of the Act as on date, or as may be specified from time to time. The Company will abide by all the rules under CSR conveyed through various circulars issued by Ministry of Corporate Affairs from time to time.

Note: Preference must be given to the local area and area around it where it operates for spending the amount earmarked for CSR activities.

6. **Governance**

a) **CSR Committee**

▪ **Constitution:**

- As per the Act, every company to which CSR is mandatory is required to constitute a CSR Committee to undertake and monitor CSR activities. The CSR Committee shall consist of 3 (Three) or more Director, out of which at least one director shall be an Independent Director.
- However, where the amount to be spent by a company as per the Act does not exceed fifty lakh rupees, the requirement for constitution of the CSR Committee is not mandatory and the functions of such Committee provided under the Act may, in such cases, be discharged by the Board of Directors of the company.
- The CSR Committee would direct, guide and oversee the policies and progress on the Company's corporate social responsibility and related activities and offer advice to the Board of Directors on these matters.

▪ **Roles and Responsibilities of the Committee:**

- To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company;
- To formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy.
- To recommend the amount of expenditure to be incurred on the aforementioned activities.
- To monitor the Corporate Social Responsibility Policy of the company from time to time.
- To implement the CSR projects with the involvement of officials of the Company .
- To place before the Board, the impact assessment reports, if applicable.
- Such other activities as are incidental for implementing the CSR projects in line with the requirements of the Companies Act, 2013.

b) **Board of Directors**

▪ **Roles and Responsibilities:**

- After considering the recommendations made by Corporate Social Responsibility Committee, approve the CSR Policy as recommended by the CSR Committee;
- The Board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.
- The Board to approve an annual action plan in pursuance of CSR policy as recommended by the CSR Committee;
- To ensure that the funds so disbursed towards CSR activities have been utilised for the purposes and in the manner as approved by the Board and that Chief Financial Officer or the person responsible for financial management shall certify to the effect.
- In case of ongoing project, to monitor the implementation of the project with reference to the approved timelines and year-wise allocation and to make modifications, if any for smooth implementation of the project within the overall permissible time period
- To disclose the composition of the CSR Committee, CSR Policy and projects approved by the Board on their website, if any for public access.
- To ensure that activities reflected in CSR policy are undertaken by the Company.
- To ensure that activities included by the Company in its CSR Policy are related to the activities included in Schedule VII of the Companies Act, 2013.
- To ensure that the Company spends, in every financial year, at least two per cent of the average net profits of the Company made during the three immediately preceding financial years, in pursuance of its CSR Policy. In case the company is not able to spend the required amount the Board shall in its report under 134 sub section(3) clause (o) of the Act shall specify reasons for not spending the amount.

7. **CSR Implementation**

The Board may decide to undertake its CSR activities approved by CSR Committee, either by the Company itself 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 80G of the Income Tax Act, 1961 (43 of 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 three years in undertaking similar activities;
- e) the Company shall, in its Annual Action Plan specify the project or programs to be undertaken through these entities, the modalities of utilization of funds on such projects and programs and the monitoring and reporting mechanism.
- f) A CSR team formed internally, if any to ensure the implementation of the projects/programmes/activities proposed to be undertaken by the Company and decide routing of the funds and such other matters as may be required.

Provided that, where the Company undertakes any CSR spend, through an Implementation Agency it shall ensure that the said agency has obtained a CSR Registration Number from the Ministry of Corporate Affairs, prior to approval of such program or project.

8. Impact Assessment

Where the Average CSR Obligation of the Company exceeds Rs. 10 Crores or more in the three immediately preceding financial years, the Company shall undertake an impact assessment, through an independent agency, of their CSR projects having outlays of Rs. 1 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.

In case of impact assessment, the Company may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed five percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is less.

9. Review and Monitoring of CSR Funds

- a) As per the Companies Act, 2013, each Company is required to contribute 2% of its Net profit (average of last 3 years) for CSR Activities;
- b) The value for the current year will be calculated in the beginning of every financial year;
- c) The minimum limits aforesaid would not apply, if the Company is not required to comply with the provisions of Section 135 of the Act / Rules thereunder for any reason.

- d) Where the Company is undertaking CSR activities through external agencies, the Company shall obtain adequate evidence to justify expenditure of allocated funds along with a report periodically, giving status of the approved Projects, amounts allocated, expenditure incurred and such other details as may be required by the CSR Committee/Board of Directors of the Company;
- e) Any surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of a 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.
- f) Amount spent in excess of requirement provided under sub-section (5) of section 135, such excess amount may be set off against the requirement to spend under sub-section (5) of section 135 up to immediate succeeding three financial years subject to conditions that:
 - (i) The excess amount available for set off shall not include the surplus arising out of the CSR activities, if any in pursuance of sub-rule (2) of this rule.
 - (ii) Board resolution to be passed to this effect.
- g) The Company shall disclose amount of expenditure on CSR Activities in its Financial Statement.

10. Treatment of Unspent CSR Amount

Until a fund is specified in Schedule VII for the purposes of subsection (5) and(6) of section 135 of the Act, the unspent CSR amount, if any, shall be transferred by the company to any fund included in schedule VII of the Act.

11. Projects / Annual Action Plan

All CSR initiatives/projects/programs/activities shall continue to fall under the purview of schedule VII of the Act as amended from time to time. Further, CSR Committee will prepare Annual Action Plan for particular financial year with respect to the project identification based on the area as per Schedule VII for which the Company shall spend the CSR Corpus. The Annual Action Plan shall be recommended to the Board of Directors for approval and noting by CSR committee in its respective meeting.

12. Disclosure on the Website of the Company

The Board of Directors of the Company shall mandatorily disclose the following on the Website of the Company, for public access:

- a. composition of the CSR Committee

- b. CSR Policy, as amended from time to time
- c. Details of CSR Projects approved by the Board of Directors

13. **Review of the policy**

The CSR Committee reviews and amends this policy to ascertain its appropriateness as per the needs of the company and recommend to the Board of Directors for approval. Review shall be carried out at least once a year. In the event of any conflict between the provisions of this Policy and the Act or any other statutory enactments, rules, the provisions of the Act or statutory enactments, rules shall prevail over this Policy.

The Board may, subject to applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy.