



BERAR FINANCE LIMITED

CORPORATE SOCIAL RESPONSIBILITY

POLICY

RECORD OF REVIEW:

Document Number	01
Revision Number	03
Document Classification	Internal
Originally formulated	March 7, 2015
Created by	Secretarial Department
Reviewed by	Corporate Social Responsibility Committee
Approved by	Board of Directors of the Company

<u>Version No</u>	<u>Created/Modified Date</u>	<u>Created/modified by</u>	<u>Approved by</u>
1	March 7, 2015	Secretarial Department	Board of Directors
2	June 29, 2021	Secretarial Department	Board of Directors
3	December 23,2022	Secretarial Department	Board of Directors

1. Background:

- Berar Finance Limited (“**The Company**”) is an Asset Finance Company-Deposit Taking, engaged in the business of vehicle financing, major portion is two wheeler.
- The Company aims at conducting its business in a way that is sustainable, facilitating greater and more inclusive prosperity for current and future generations.

2. Objective:

The main objective of the Policy is to establish and lay down the basic principles and the general framework of action for the Company to undertake and fulfill its corporate social responsibility. The Policy will function as a built-in, self-regulating mechanism whereby the business will monitor and ensure its active compliance with the spirit of law, ethical standards and requisite norms. CSR contribution refers a continuing commitment and actions of the Company to contribute towards economic and social development and growth.

3. CSR Vision Statement:

In alignment with the vision of the Company, through its CSR initiatives, strives to create value in the society and in the community in which it operates, through its services, conduct & initiatives, so as to promote sustained growth for the society and community.

4. Title and applicability:

- The Company has developed Corporate Social Responsibility Policy of the Company ‘**CSR Policy**’ encompassing the Company’s philosophy for being a responsible corporate citizen and lays down the principles and mechanisms for undertaking various programmes in accordance with section 135 of the Companies Act, 2013 for the community at large.
- The Policy shall guide the CSR programmes and activities undertaken by the Company in the communities in which it operates.

5. Important definitions:

- “**Act**” means Companies Act, 2013 including any amendment or modification made thereunder from time to time.
- “**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.
- “**Board**” means Board of Director of the Company.
- “**Corporate Social Responsibility (CSR)**” 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.”
- “**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.
- “**Financial year**” means commencing from 01st April of a year and ending on 31st March of the following year.

- **“Net profit”** means the net profit of a 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:
Provided that in case of a foreign Company covered under the Rules, net profit means the net profit of such Company as per profit and loss account prepared in terms of clause (a) of sub-section (1) of section 381, read with section 198 of the Act.
- **“On Going Projects”** means a multi-year project undertaken by the 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 on reasonable justification.
- **“Rules”** under the CSR Policy means Companies (Corporate Social Responsibility Policy) Rules, 2014 including any amendment or modification made thereunder from time to time.

6. Corporate Social Responsibility Committee (“CSR Committee”):

The CSR Committee shall consist of three or more Directors amongst which one shall be an Independent Director.

The Committee shall hold meetings as and when required, to discuss various issues on implementation of the CSR Policy.

7. CSR Budget:

- The Board shall endeavor that the Company spends at least 2% of the average net profit made during the immediate three preceding financial years.
- CSR expenditure shall include all expenditure, for projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee, but does not include any expenditure on an item not in conformity with the CSR Policy.

8. CSR Activities:

- The contribution will be made for any CSR activities undertaken within India.
- The Committee will give preference to the local area and areas around it where it operates in spending the amount earmarked for CSR activities.
- The Company will make a contribution in one or more of the CSR Activities as specified in Schedule VII of the Act. The Company may undertake any other activities as may be notified by Government of India from time to time in this regard.

9. Exclusions:

The CSR activities shall be undertaken by the Company excluding;

- activities undertaken in pursuance of its normal course of business.
- Any Contribution of any amount directly or indirectly to any political party under section 182 of the Act, by the Company shall not be considered as CSR activity.
- The CSR projects or programs or activities that benefit only the employees of the Company and their families shall not be considered as CSR activities in accordance with section 135 of the Act.
- 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 Companies on sponsorship basis for deriving marketing benefits for its products or services.
- Activities carried out for fulfillment of any other statutory obligations under any law in force in India.

10. Implementation process:

- CSR programme will be undertaken by the Company within the defined ambit of Base Line Survey and Need Assessment.
- The Board shall ensure that the CSR activities are undertaken by the Company itself or through the following implementing agencies –
 - (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, 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) 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, 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 statutory body constituted under an Act of Parliament or State legislature to undertake activities covered in Schedule VII of the Act.

Appropriate due diligence will be conduct before selecting the entity for implementation of CSR.

The above mentioned implementing agencies who intends to undertaken the CSR Project or Programme will require to register itself with the Central Government by filing electronically e-Form (CSR-1) with effect from 1st April, 2021 and get the unique CSR Registration Number generated by the system automatically (Rule 4(2) of the Rules).

- The time period/duration over which a particular programme will be spread, will depend on its nature, extent of coverage and the intended impact of the program.
- The Company may enter into partnerships with the government, charity partners, civil society, social enterprises and communities to create multiplier effect of its social projects.
- The Company may engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR Policy as well as for capacity building of their own personnel for CSR.
- The mode of implementation of CSR programmes will include a combination of direct implementation or implementation through the implementing agencies.
- The mode of implementation will also include employee volunteering. The employee volunteering will involve the Company’s employees in the community initiatives it undertakes and help them contribute towards the society.
- The Company will use services of expert agencies, consultancy firms etc. wherever required for carrying out base line surveys, guidance on project design and implementation, impact assessment surveys etc.

11. CSR Expenditure:

a) Administrative Overheads:

The Board to ensure that the administrative overheads expenses not to exceed 5% of the total CSR expenditure of the Company for the financial year.

b) Surplus from the CSR Activities:

Any Surplus arising out of the CSR activity shall not be a part of the business profit of the Company. Such surplus shall be used on the followings within a period of 6 months of the expiry of the financial year:

- Ploughed back into the same project.
- Transferred to the Unspent CSR Account; and
- Spent in pursuance of the CSR Policy and the annual action plan of the Company;
- Transfer such surplus amount to fund specified under Schedule VII of the Act.

c) Excess CSR Spent:

In case of excess CSR Spend in any year, such excess amount may be set-off against the requirement to spend up to immediate succeeding 3 financial years subject to:

- the excess amount available for set off will not include surplus arising from CSR Activities; and
- the Board to pass a resolution to that effect.

d) Creation or Acquisition of Capital Assets

The CSR amount can be spent for creation or acquisition of a capital asset which shall be held by:

- a Company established under section 8 of the Act or a Registered Public Trust or Registered Society, having Charitable objects and CSR Registration Number under the Rules; or
- beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
- a Public authority.

12. Role and Responsibilities

A. Role and Responsibilities of the CSR Committee:

The Role and responsibilities of the CSR Committee is stated as under:

- To formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company as per the Act;
- Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time
- **Annual Action Plan:** The CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its CSR Policy in consonance with the long term vision and strategy of Company in respect of CSR activities, which shall include the following, namely:
 - ❖ the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
 - ❖ the manner of execution of such projects or programmes as specified in sub-rule (1) of Rule 4 of the Rules;
 - ❖ the modalities of utilization of funds and implementation schedules for the projects or programmes;
 - ❖ monitoring and reporting mechanism for the projects or programmes; and;

- ❖ details of need and impact assessment, if any, for the projects undertaken by the Company.
- Recommend to the Board any alteration of the annual action plan at any time during the financial year, based on the reasonable justification to that effect.

B. Role and Responsibilities of the Board:

The role and responsibilities of the Board regarding CSR is stated as under:

- Approval of the CSR Policy of the Company ;
- To approve annual action plan in pursuance of its CSR Policy;
- To ensure that the funds are utilized for approved purpose and shall be certified by the Chief Financial Officer (CFO) or Person in charge of finance.
- To review and approve the Annual Action Plan in pursuance of the CSR Policy of the Company and make any Alteration to such Plan at any time during the financial year, as may be recommended by the CSR Committee.
- In case of excess CSR Spend in any year, to approve and pass a resolution to the effect that the excess amount may be set off against the requirement to spend in the 3 immediate succeeding financial years.
- Disclosing the content of the Policy in its report and placing the Policy on the Company's website in such manner as prescribed under Section 135 of the Act read with the Rules.
- In case of ongoing project, monitor the implementation of the project with reference to the approved timelines and year-wise allocation and make modifications, if any, for smooth implementation of the project within the overall permissible time period.
- To ensure that the any amount remaining unspent under sub-section (5), pursuant to any ongoing project, fulfilling such conditions as may be prescribed, undertaken by the Company in pursuance of its CSR Policy, shall be transferred by the Company within a period of thirty days from the end of the financial year to a special account to be opened by the Company in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account, and such amount shall be spent by the Company in pursuance of its obligation towards the Corporate Social Responsibility 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.
- To ensure that the Company endeavors to spends, in every financial year, at least 2% of the average net profits of the Company made during the three immediately preceding financial years in pursuance of the Policy.
- To ensure that the Company gives preference to the local areas around its operations for spending the amount earmarked for CSR projects
- To ensure that it specifies the reasons in its report for not spending the allocated amount in case the Company fails to spend such amount while undertaking CSR activities.
- and, unless the unspent amount relates to any ongoing project referred to in sub-section (6), transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year
- **Impact Assessment:** In the event of the average CSR obligation of the Company in the 3 immediately preceding financial years being Rs.10 Crore or more;
 - ❖ To undertake Impact Assessment through an Independent Agency for its CSR projects having outlays of one crore rupees or more and which have been completed not less than 1 year before undertaking the impact study.
 - ❖ To consider and approve the impact assessment reports which shall be annexed to the annual report on CSR.
 - ❖ To ensure that the Company undertaking impact assessment may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed two percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is higher.

The Board shall have the power to make any changes in the constitution of the Committee.

13. Transfer of unspent Amount of CSR

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.

14. CSR Reporting:

CSR initiatives of the Company will be reported in the Annual Report of the Company & the Board’ s Report in compliance with Section 135 and rules made there under.

Impact Assessment Report, if any shall be place before Board and also in Annual Report on CSR.

15. General:

In case of any doubt with regard to any provision of the Policy and also in respect of matters not covered herein, a reference to be made to CSR Committee. In all such matters, the interpretation & decision of the Committee shall be final.

Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the guidelines on the subject as may be issued by the Government of India, from time to time.
