

CSR POLICY

The Company should have a CSR policy of its own which fulfils the requirement of section 135 of the Companies Act, 2013 and rules made thereunder including any amendments or modifications as may be introduced from time to time.

The CSR activities undertaken by the Company shall be in line with the CSR activities as enumerated in Schedule VII of the Companies Act, 2013 and shall not include the activities undertaken in pursuance of normal course of business of the Company.

The CSR Committee/Board shall annually formulate the Annual Action Plan which inter alia provides for the list of CSR projects or programmes to be approved and undertaken by the Company, the manner of execution of such projects, the modalities of utilization of funds and monitoring and reporting mechanism for the CSR projects or programmes.

The beneficiaries under this scheme should be people of the local area, where the registered office of the Company is situated.

Undertaking/Agreement should be entered between M/s. Bagadia Chaitra Industries Private Limited and the beneficiary organization for proper utilization of the funds given under CSR scheme.

Utilization certificate should be obtained from beneficiaries duly certified by a Chartered Accountant.

Constitution of CSR Committee:

The Ministry of Corporate Affairs (MCA) has notified the commencement of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 with effect from 22.01.2021 vide its notification dated 22.01.2021 which inter alia provides that, if the CSR eligible amount required to be spent by the Company does not exceed RS.50.00 lakhs, such Companies shall not be required to constitute CSR Committee and the responsibility of CSR Committee shall be discharged by the Board of Directors of the Company.

The CSR eligible amount to be spent during the current financial year 2022-23 being less than RS.50.00 lakhs, the constitution of CSR Committee is not applicable to the Company and the Board of Directors shall be responsible to approve and carry out the CSR activities on behalf of the Company during the current financial year.

CSR Expenditure

- a) To ensure that at least 2% of average net profit of last three (03) preceding financial years is spent on CSR activities every financial year.
- b) To ensure that the administrative overheads shall not exceed five percent of the total CSR expenditure of the Company for the financial year.
- c) Any surplus arising out of the CSR 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.

- d) Where a Company spends an amount in excess of eligible CSR amount, the Company is allowed to set off such excess amount against the requirement to spend the eligible CSR amount up to immediately succeeding three financial years subject to certain conditions as enumerated in the CSR Rules.

Responsibilities of the Board of Directors are as under:

- a) To ensure that at least 2% of average net profit of last three (03) preceding financial years is spent on CSR activities every financial year and shall give preference to the local area and areas around it, where it operates for spending the amount earmarked for Corporate Social Responsibility activities. The CSR projects or programs or activities undertaken in India only shall amount to CSR expenditure.
- b) To approve the CSR Policy and to disclose CSR policy and initiatives in Board's report and Company's website, if any.
- c) To ensure that activities reflected in CSR policy are actually undertaken by the Company.
- d) If the constitution of Corporate Social Responsibility Committee is not applicable to the Company, then the functions of the CSR Committee shall be discharged by the Board of Directors of the Company.
- e) If the Company does not spend 2% of net profits as required, then the Board shall specify the reasons in the Board's report for not spending the CSR amount.
- f) The responsibility of the Board with respect to treatment of unspent CSR amount is as under:

In case of other than Ongoing CSR Projects:

The unspent CSR amount relating to other than ongoing CSR projects of the Company for the financial year shall be transferred to a designated fund specified under Schedule VII of the Companies Act, 2013 like Swachh Bharat Kosh fund, Clean Ganga Fund, PM CARES Fund or PM National Relief Fund within six months of the expiry of the financial year.

CSR Implementation:

- a) The Board shall ensure that the CSR activities are undertaken by the Company itself or through eligible implementing agencies bearing unique CSR Registration Number issued by Central Government subject to such terms and conditions as provided under rule 4 of the Companies (Corporate Social Responsibility Policy) Rules, 2014.

- b) In case of ongoing project, the Board of a Company shall monitor the implementation of the project with reference to the approved timelines and year wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.