



# **BAID FINSERV LIMITED**

**(FORMERLY KNOWN AS BAID LEASING AND FINANCE CO. LTD.)**

## **CSR POLICY**

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Company Circulation

## Version Control

Document Version	Description of Change	Date	Prepared / Changed by
1.0	Incorporated changes pertaining to the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 and Section 135 of the Companies Act, 2013, vide Notifications issued by the MCA on 22nd January 2021.	<b>May 04, 2022</b>	Compliance Department
2.0	Changes pursuant to CSR Policy Amendment Rules 2022 dated, 20 <sup>th</sup> September 2022	<b>February 13, 2023</b>	Compliance Department

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## 1. Preface:

In terms of the provisions of Section 135 of the Companies Act, 2013 (“**the Act**”) read with Companies (Corporate Social Responsibility Policy) Rules, 2014 (“**CSR Rules**”), Baid Finserv Limited (“**the Company**”) is required to frame a Corporate Social Responsibility Policy (“**CSR Policy**”). Accordingly, the Board of Directors (“**the Board**”) of the Company has approved and adopted this Policy.

## 2. Vision and Philosophy:

As a public sector enterprise, the Company has a long and cherished tradition of commendable initiatives, institutionalized programmes and practices of Corporate Social Responsibility (“**CSR**”) which have played a laudable role in the development of several underdeveloped people.

Our CSR activities are essentially guided by project based approach in line with the guidelines issued by the Ministry of Corporate Affairs of the Government of India.

## 3. Interpretation:

The words and expressions used and not defined in this policy but defined in the Act or rules made there under shall have the same meanings respectively assigned to them in the Act or rules made thereunder.

## 4. Policy Guidelines:

i. All CSR Projects must be aligned with Schedule VII of the Companies Act, 2013 as stated below and amended from time to time:

- (a) 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;
- (b) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
- (c) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- (d) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, 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];
- (e) protection of national heritage, art and culture including restoration of buildings and sites of

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historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts;

- (f) 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;
- (g) training to promote rural sports, nationally recognized sports, paralympic sports and olympic sports
- (h) 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;
- (i) ✓ 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 Organisation (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)

- (j) rural development projects and slum area development.

**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.

**Note:** Any surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of a company.

- (k) disaster management, including relief, rehabilitation and reconstruction activities.

ii. CSR projects or programmes or interventions must be undertaken in India.

The Company will give preference to the local area and areas around it where it operates in spending the amount earmarked for CSR activities.

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iii. CSR projects or programmes must not include:

- (a) the initiatives undertaken in pursuance of normal course of business of the Company;
- (b) 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;
- (c) contribution of any amount directly or indirectly to any political party under Section 182 of the Act;
- (d) CSR projects, programmes or activities benefitting only employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 and their families;
- (e) activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;
- (f) activities carried out for fulfilment of any other statutory obligations under any law in force in India;
- (g) One-off events such as marathons/ awards/ charitable contribution/ advertisement/sponsorships of TV programmes etc.

## 5. Focus Areas

In accordance with the requirements under the Act and the rules / regulations framed there under and circulars / clarifications issued thereunder, Company's CSR activities, amongst others, will focus on:

**EDUCATION:** Promoting education, including special education and employment-enhancing vocational skills, especially among children, women, the elderly and the differently abled, and livelihood enhancement projects; monetary contributions to academic institutions for establishing endowment funds, chairs, laboratories, etc., with the objective of assisting students in their studies, this also includes skilling and re-skilling initiatives for those who are in need.

**HUNGER, POVERTY, MALNUTRITION AND HEALTH:** Eradicating extreme hunger, poverty and malnutrition, promoting preventive healthcare and sanitation and making available safe drinking water.

**RURAL DEVELOPMENT PROJECTS:** Strengthening rural areas by improving accessibility, housing, drinking water, sanitation, power and livelihoods, thereby creating sustainable villages.

**GENDER EQUALITY AND EMPOWERMENT OF WOMEN:** Promoting gender equality and empowering women; setting up homes, hostels and day care centers for women and orphans; setting up old age homes and other similar facilities for senior citizens; and adopting measures for reducing inequalities faced by socially and economically backward groups.

**NATIONAL HERITAGE, ART AND CULTURE:** Protecting national heritage, art and culture, including the restoration of buildings, sites of historical importance, and works of art; setting up public libraries; reviving, promoting and developing traditional arts and handicrafts.

**ENVIRONMENTAL SUSTAINABILITY:** Ensuring environmental sustainability, ecological balance,

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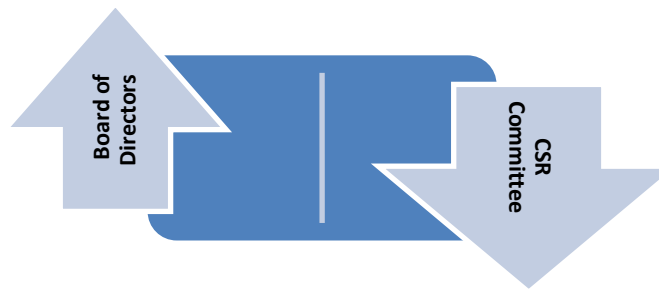
protection of flora and fauna, animal welfare, agro-forestry, conservation of natural resources and maintaining the quality of soil, air and water.

## 6. Selection methodology of CSR projects

Out of approved CSR activities, the Committee shall decide which activity/project should be given priority for the respective financial year. While arriving at the decision of the activity to be undertaken for the respective year, the Committee shall analyse the basic need of the community/ area in which the Organisation operates or at the place where its registered office is situated. The Committee shall record its findings and prioritised the CSR activities.

## 7. Governance Structure:

The Company has a well-defined and robust governance structure to oversee the implementation of the CSR Policy, in compliance with the requirements of Section 135 of the Act and rules made thereunder.



### (a) Role of Board of Directors

The roles and responsibilities of the Board of Directors towards CSR shall include:

- approval for the annual action plan formulated and presented by the CSR Committee for spending of the prescribed CSR budget.
- Alter the recommended annual action plan at any time during the financial year, if required, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect
- Ensure that the Company spends, 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.
- Specify in its Report the reasons for not spending the amount if the Company fails to spend such amount.
- Disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on the Company's website, if any, for public access.

### (b) Constitution of CSR Committee

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Board of Directors of the Company may re-constitute the Committee, as and when required to do so, by following the sections, sub-sections, rules, regulations, notifications issued or to be issued, from time to time, by the Ministry of Corporate Affairs or the Central Government of India. The Committee shall exercise powers and perform the functions assigned to it by the Board of Directors of the Company pursuant to section 135 of the Companies Act, 2013 and CSR Rules notified with regard thereto.

### **Functions of CSR Committee**

The Committee shall carry out the following functions:

- (i) Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act 2013, annual action plan, manner of execution of such activities/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.
- (ii) Recommend the amount of expenditure to be incurred on CSR activities.
- (iii) Monitor the CSR Policy of the Company from time to time.
- (iv) 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.

### **8. Funding and Allocation:**

The Company shall, in every financial year, spend at least 2% of its average net profits made during the three immediately preceding financial years, in pursuance of its CSR Policy.

Explanation: The Average Net Profit shall be computed in accordance with the provisions of Section 198 of the Act.

In case if aforesaid prescribed expenditure is unspent during the financial year, reason for the same to be specified in the CSR Report.

In any year, where the Company has spent in excess of its CSR obligation, such excess spending shall be available for set off against the Company's CSR obligations for up to the next three financial years in accordance with the Act, provided that the excess amount available for set-off shall not include the surplus arising out of the CSR activities, if any, in pursuance of Rule 7(2) of the CSR Rules and the Board shall be competent to pass a resolution in this regard.

Any surplus generated out of the CSR activities not to be added to the normal 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

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financial year.

The Company may decide to build CSR capacities of its staff undertaking CSR activities and of the employees of the implementing agencies through Institutions with established track record of at least 3 financial years but such expenditure including expenditure on administrative overheads shall not exceed 5% of the total CSR expenditure of the Company in one financial year.

The Company may spend the CSR Amount for the creation or acquisition of a capital asset, which will be held by:

- a) 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 Rule 4(2) of the CSR Rules; or
- b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
- c) a public authority.

#### **9. Implementing and Monitoring Process:**

- The CSR Committee will monitor all CSR projects / programmes. For this purpose, the Committee would meet as and when required to take note of project wise status of project completion, funds utilization and to compare with budgeted funds and time lines.
- The CSR Committee shall provide guidance on the allocation of the CSR budget on identified thrust areas on an annual basis and seek approval from the Board.
- The CSR Projects will be undertaken based on the annual action plan formulated and recommended by the CSR Committee and approved by the Board. The Board may alter the annual action plan at any time during the financial year, as per the recommendation of the CSR Committee based on reasonable justification to that effect. The CSR Committee/Board may decide to undertake its CSR activities either itself or through (Implementing Agencies):
  - A company established under Section 8 of the Act or a registered public trust or registered society, registered under Section 12A and 80G of the Income Tax Act, 1961 established by the Company, either singly or along with other company; or
  - A company established under Section 8 of the Act or a registered public trust or registered society, registered under Section 12A and 80G of the Income Tax Act, 1961 established by the Central Government or State Government; or
  - Any entity established under an Act of Parliament or State legislature; or

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- 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, and having an established track record of at least three years in undertaking similar activities.
- A company established under Section 8 of the Act or a registered public trust or registered society, registered under Section 12A and 80G of the Income Tax Act, 1961 and has an established track record of at least 3 (Three) years in undertaking similar activities.
  - registered trust or a registered company as it may deem appropriate from time to time subject to the following conditions:
    - i. The trust or company has a track record of 3 years in undertaking similar programs or projects.
    - ii. The Company shall specify the project/ programs to be undertaken, the modalities for utilization of funds on such projects/ programs and the monitoring and reporting mechanism for the same.

#### **10. Disclosure and Reporting:**

An annual report on CSR containing the prescribed particulars under the CSR Rules shall form part of the Board's Report of the Company.

The Company will also upload Composition of CSR Committee, its CSR Policy, and Projects approved by the Board on its website <https://www.baidfinserv.com/>

#### **11. Details of need and impact assessment, if any, for the projects undertaken by the company:**

Impact assessment shall be undertaken by the Company or by recipient or by implementing agency as required by and in the manner set out under the Act, and the impact assessment report(s) shall be placed before the CSR Committee and the Board, shall be annexed to the annual report on CSR., and shall be disclosed as legally required.

The Company undertaking impact assessment, if required, may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed 2% (two percent) of the total CSR expenditure for that financial year or Rs. 50 Lakh (Rupees Fifty Lakh), whichever is higher.

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**12. Review and Amendment:**

The Board of Directors of the Company shall have the powers to revise/modify/amend this Policy from time to time, as the Board may think fit, based on the recommendations to be made by the CSR Committee to confirm to the revision/amendment, if any, to be made to the CSR Rules by the MCA, under the Act.

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<b>Proposed by:</b>	
<b>Name</b>	<b>Signature</b>
Ms. Surbhi Rawat Company Secretary and Compliance Officer	
<b>Reviewed by:</b>	
Mr. Aman Baid, Whole Time Director	

<b>Approving Authority</b>	Board of Directors
<b>Date of Approval/ Review</b>	February 13, 2023

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