

BHATKAWA TEA INDUSTRIES LIMITED

POLICY ON CORPORATE SOCIAL RESPONSIBILITY

1. INTRODUCTION

The Board of Directors (the “Board”) of Bhatkawa Tea Industries Limited (hereinafter referred to as “Bhatkawa Tea” or “Company”) has adopted the following policy and procedures with regard to Corporate Social Responsibility. The Board may review and amend this policy from time to time subject to the recommendations of Corporate Social Responsibility Committee.

2. POLICY OBJECTIVE & PHILOSOPHY

Corporate Social Responsibility (“CSR”) is a kind of social responsibility integrated into a business model. CSR goes beyond compliance and engages in actions that further some social good, beyond the interests of the company and those which are required by law. CSR aims to embrace the responsibilities for the business actions and encourage a positive impact through its activities on the environment, communities and in general on the wellbeing of society at large.

At Bhatkawa Tea, our Vision for CSR is to contribute for bringing social and economic change to the underprivileged sections of the society, primarily in the peripheral areas around our Tea Garden and Corporate office, in an equitable and sustainable manner and to contribute for livelihood enhancement initiatives for the weaker sections of the society. In doing so, we believe that we are contributing to develop the quality of human life and making a better India.

3. LEGAL REQUIREMENTS

Pursuant to Section 135 of the Companies Act, 2013 (as amended) (“Act”) read with the Companies (Corporate Social Responsibility) Rules, 2014, (as amended) (“CSR Rules”) the Board of Directors (“Board”) of the Company is required to formulate a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken as specified in Schedule VII of the Act and the expenditure to be incurred thereon. Additionally, the objective of this Policy is to provide an overall framework, principles and guidelines to the CSR Committee to conduct CSR activities in line with Section 135 of the Act and the Rules and other applicable laws and regulations, as amended from time to time.

The Board of Directors of the Company at their meeting held on 30th June, 2021 have adopted this CSR Policy in terms of section 135 (3) (a) of the Act read with the CSR Rules and Schedule VII of the Act made thereunder and it shall be effective from 1st July, 2021.

4. CSR COMMITTEE

Pursuant to insertion of new sub section (9) to Section 135 by Companies (Amendment) Act, 2020 where the amount to be spent by a company 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 shall be discharged by the Board of Directors of such company.

The Company is covered under section 135(9) and hence the Board of Directors have decided not to form a CSR Committee and the Board itself will perform and discharge all the functions as required to be discharged by the Committee. The functions to be performed by the Board, among others, would include:

a) formulate and adopt a CSR policy which provide an approach and the guiding principles for selection, implementation and monitoring of CSR activities to be undertaken by the Company as well as formulation of the annual action plan.

The Annual Action Plan shall include the following:

- i. the list of CSR projects or programmes that are approved to be undertaken;
- ii. the manner of execution of such projects or programmes;
- iii. the modalities of utilisation of funds and implementation schedules for the projects or programmes;
- iv. monitoring and reporting mechanism for the projects or programmes; and
- v. details of need and impact assessment, if any, for the projects undertaken by the company;

b) ascertain and approve the amount of CSR expenditure to be incurred on the CSR activities;

c) evaluate specific projects, either ongoing or new, in pursuance of focus area outlined in this policy or such other activity as listed under Schedule VII of the Act, either for undertaking such projects by the Company directly or through any implementation agency;

d) review the CSR policy of the company from time to time and monitor progress of CSR initiatives undertaken by the Company;

5. FOCUS AREA

The scope of activities which, the Company will undertake towards fulfillment of its CSR shall be in line with Schedule VII of the Act. The Company shall focus on the following key areas for its CSR Activities:

- a) Livelihood enhancement and poverty alleviation
- b) Education including skill development for empowerment of women and others.
- c) Healthcare, sanitation & safe drinking water
- d) Rural development and transformation
- e) Environment sustainability & climate change
- f) Disaster management

Besides above, the Board may approve such other CSR activities as permissible under Schedule VII of the Act. The CSR initiatives would be identified as per the requirement in the community and the local area from where the Company operates. Professional agencies may be engaged in conducting need-based assessment in some programme, wherever required.

6. IMPLEMENTATION

Subject to the provisions of the Act, the Company will undertake the CSR Activities either (i) directly or (ii) through a registered trust or registered society or registered company (under Section 8 of the Act) registered under section 12A and 80 G of the Income Tax Act, 1961, established by it either singly or along with any other company (iii) through any other Implementing Agency.

Provided that if the Company decides to undertake its CSR activities through a company established under section 8 of the Act or a registered trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961, such company or trust or society shall have an established track record of three years in undertaking similar programs or projects and the Company should have specified the projects or programs to be undertaken, the modalities of utilisation of funds of such projects and programs and the monitoring and reporting mechanism.

Provided that such implementing agencies shall be covered by Rule 4 (1) of the Rules and registered with Central Government and is in possession of unique CSR Registration Number.

Further, for carrying the CSR Activities, the Company may also collaborate with the Governments, the District Authorities, the village panchayats, NGOs and other likeminded stakeholders that can widen the Company's reach and help the Company to leverage upon the collective expertise, wisdom and experience that these partnerships bring to the CSR Activities.

However, the Board of Directors shall ensure the credibility of implementing agency and its ability to execute the project or programme effectively. The disbursement by the Company to the implementing agency should be preferably made upon receipt of proposal along with budget and implementation schedule, and in tranches in order to ensure that the amount does not lie unspent with the implementing agency.

7. CSR EXPENDITURE

i) As mandated under Section 135 of the Act read with the CSR Rules, expenditure on CSR Activities in any financial year shall be at least 2% of the average net profits of the Company made during the three immediately financial years or such higher amount as may be approved by the Board of Directors of the Company.

ii) The Board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the Company for the said financial year.

iii) 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 the 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.

iv) If the Company fails to spend the minimum allocation of CSR the reasons for not spending the amount shall be specified in the Board's Report prepared under Section 134(3)(o) of the Act and unless the unspent amount relates to any Ongoing Project, it will be transferred to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

v) The Company shall deal with the unspent amount, if any, in the following manner:

a) Where the unspent amount is related to an Ongoing Project, such unspent amount shall be transferred to the CSR Unspent Account within a period of 30 days from the end of the financial year and the same shall be spent in the manner as prescribed in section 135(6) of the Act and the CSR Rules; and

b) Where the unspent amount is not related to an Ongoing Project, such unspent amount shall be transferred to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year or such other time period as permissible under the Act.

vi) The CSR amount may be spent by the Company for creation or acquisition of a capital asset, which shall 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 sub-rule (2) of Rule 4; or

b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or

c) a public authority.

vii) Where the Company spends an amount 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 the conditions that –

a) 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; and

b) the Board of the Company shall pass a resolution to that effect.

8. REPORTING

The CSR Policy, updates on projects undertaken by the Company and other relevant information will be uploaded on the website of the Company. An Annual CSR Report will be included in the Board's Report forming part of the Annual Report.

9. AMENDMENTS

Amendments from time to time to the CSR Policy, if any, shall be considered by the Board of Directors of the Company. Any amendments in the Applicable Law, including any clarifications/ circulars of relevant regulator, if mandatory, shall be read with this Policy such that the Policy shall automatically reflect the contemporaneous Applicable Law at the time of its implementation.