

**CFM ASSET RECONSTRUCTION PRIVATE LIMITED**

**CORPORATE SOCIAL RESPONSIBILITY POLICY**

**Valid till November 23, 2024**

Last approved on November 24, 2023

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## **1. Introduction**

Section 135 of the Companies Act, 2013 read with rules framed thereunder requires every Company having net worth of Rs.500 crores or more, or turnover of Rs.1,000 crores or more or a net profit of Rs.5 crores or more during the immediately preceding financial year shall constitute a Corporate Social Responsibility (CSR) Committee of the Board.

The CSR Committee shall formulate and recommend to the Board, a CSR Policy, which shall indicate the activities to be undertaken by the Company, recommend the amount of expenditure in the CSR activities and monitor the CSR Policy from time to time.

## **2. Objective**

- a. The objective of the CSR Policy is to set out guiding principles and general framework to undertake CSR activities for the welfare and sustainable development of the community at large in conformity with the provisions of the Companies Act, 2013 as updated from time to time or any other specific directions applicable to the Company.
- b. The Policy shall ensure an effective and sustained CSR programme which shall manifest in the form of a progressive, socially responsible, and enlightened attitude. CSR activities shall be environment friendly and conducive to the wellbeing of humanity / society at large, in line with the objectives as set out in the Companies Act 2013
- c. The Policy of the Company shall create social and environmental value, while supporting its business objectives and enhancing relationships with key stakeholders and customers. The guiding principles for undertaking CSR framework shall be as under:
  - i. Sustainability: The CSR projects shall be closely linked with the principles of sustainable development and the CSR activities shall help in building a positive image of the Company in public perception.
  - ii. Accountability: The Company shall have proper accountability system in place to implement its CSR Policy and also an effective monitoring mechanism to ensure the end use of funds released under CSR and that the intended benefits are accruing as per expected levels.
- d. The Company shall publicise CSR activities to the extent possible for the purpose of creating awareness, stakeholder information and brand value enhancement.
- e. The Company, in compliance with section 135(4) of the Companies Act, 2013, shall disclose contents of CSR Policy in its Directors' report and the same shall also be displayed on the Company's website.
- f. In case of failing to spend the amount allocated towards CSR, the Company shall, mention in its annual report specifying the reason for not spending the amount and strategies to utilise unspent amount.

## **3. The Corporate Social Responsibility (CSR) Committee**

The Company shall have CSR Committee of Board, which will be constituted in accordance with the provisions of Section 135 of the Companies Act, 2013 and Rules formed thereunder and as amended from time to time.

The CSR Committee shall

- i. formulate and recommend to the Board, CSR Policy which shall indicate the activities to be undertaken by the Company, and the monitor CSR spending, in compliance with the provisions of Section 135 of the Companies Act, 2013 and Rules formed thereunder.
- ii. recommend the amount of expenditure to be incurred on the CSR related activities.
- iii. monitor the implementation of the CSR Policy of the Company from time to time.
- iv. report to the Board the status of CSR activities and contributions made by the Company.
- v. formulate and recommend to the Board, an annual action plan in pursuance to the CSR Policy, and
- vi. Any other requirement mandated under the Companies Act, 2013 and Rules framed thereunder.

#### **4. Indicative list of activities under CSR**

4.1. All CSR programmes/ projects shall be approved by the Board on the recommendations of CSR Committee. The changes, if any, in the programmes/ project shall be undertaken only with the approval of CSR Committee/ Board.

4.2. In terms of Schedule VII of the Companies Act, 2013 the following activities are permitted under the CSR:

- i. Eradicating hunger, poverty, and malnutrition, promoting preventive healthcare 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.
- ii. Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly, and differently abled and livelihood enhancement projects.
- iii. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old-age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
- iv. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro-forestry, conversion 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.
- v. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts.
- vi. Taking some measures for the benefit of armed forces veterans, wars widows and their dependants.
- vii. Imparting training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports.
- viii. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the SC/ST, other backward classes, minorities, and women.

- ix. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government.
- x. Contributions to rural development projects, slum area development, disaster management, including relief, rehabilitation, and reconstruction activities.
- xi. Any other measures with the approval of Board on the recommendation of CSR Committee subject to the provisions of Companies Act, 2013 and Rules framed thereunder.

4.3. The CSR activities shall be undertaken by CFM ARC in accordance with this policy. All the CSR programmes/ projects shall be approved by the Board on the recommendations of CSR Committee. Changes, if any, in the programmes/ project shall be undertaken only with the approval of CSR Committee Board.

## 5. CSR expenditure

- a. The Company shall ensure that it spends, in every financial year, at least two percent of the average net profits made during the three immediately preceding financial years in pursuance of this CSR Policy. The net profit is computed in accordance with provisions of Section 198 of the Companies Act, 2013.
- b. CSR expenditure shall include all expenditure including contribution to corpus, for projects or programmes relating to CSR activities approved by the Board on the recommendation of the CSR Committee, However, it shall not include any expenditure on any item not in conformity or not in line with activities within the purview of Schedule VII of the Companies Act 2013.
- c. The expenditure for social impact assessment, which is included in the CSR spending, shall not exceed 2% of total CSR obligation for the relevant financial year subject to maximum expenditure of Rs. 50 lakh.
- d. Any amount remained unspent, pursuant to any ongoing project undertaken by the Company in pursuance of the CSR Policy, shall be transferred within a period of 30 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 CSR Account as per the Companies Act, 2013 and such amount shall be spent by the Company in pursuance of its obligation towards the CSR 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 the Companies Act, 2013 within a period of 30 days from the date of completion of the third financial year.
- e. Any excess amount of CSR expenditure made by the Company shall be eligible for set off against future spending towards CSR activities, by immediate succeeding three financial years, subject to fulfilment of conditions specified under the Companies Act, 2013 and Rules formed thereunder.

## 6. Monitoring of CSR activities

6.1. The CSR Committee shall institute a transparent monitoring mechanism viz., expenditure approved by the Board, expenditure incurred, plan of expenditure for the remaining part of the FY, etc., for implementation of CSR projects or programmes or activities undertaken by the Company. In case the Company fails to spend the requisite amount, as mandated, the President in charge of CSR activities / CEO shall specify the reasons of the same to the CSR Committee and the Board.

6.2. The Board shall ensure that the CSR activities are undertaken 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, 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, 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, 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.

## 7. Reporting to the Board

7.1. The President in charge of CSR activities / CEO shall report to the CSR Committee and the Board on the activities carried under CSR initiatives and certify the statement on utilisation of funds approved under the CSR on a periodic basis. The minutes of the meeting of CSR Committee shall be reported to the Board at periodic intervals.

7.2. Any changes in the regulatory guidelines applicable to the CSR activities of the Company shall be reported to the Board on periodic basis.

## 8. Board's Report in Annual Report

The CSR activities shall be included in the Board's Report in the published Annual Report for the Financial Year, as per the format given in the Annexure.

## 9. Review of the Policy- Annexure on Amendments, Renewal of Policies, etc.

The Policy shall be reviewed by the CSR Committee and the Board from time to time keeping in view the changes in regulations.

| Sr No. | Particulars           | Date       | Approved by |
|--------|-----------------------|------------|-------------|
| 1.     | Originally adopted    | 30.04.2019 | BoD         |
| 2.     | Extension by 3 months | 30.09.2020 | CEO         |

|    |                               |            |     |
|----|-------------------------------|------------|-----|
| 3. | Amendment /renewal for 1 year | 29.12.2020 | BoD |
| 4. | Amendment /renewal for 1 year | 26.03.2021 | BoD |
| 5. | Extension by 3 months         | 25.12.2021 | CEO |
| 6  | Renewal for 1 year            | 26.03.2022 | BoD |
| 7  | Extension by 3 months         | 25.02.2023 | CEO |
| 8  | Renewal for 1 year            | 24.11.2023 | BoD |

#### **10. Definition**

All the terms referred in this Policy shall derive its meaning from the Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2022, as amended from time to time, latest being vide notification dated September 20, 2022.

**Annexure: Format for the Annual Report on CSR Activities to be included in the Board's Report for Financial Year ended.....**

1. Brief outline on CSR Policy of the Company:

2. Composition of CSR Committee:

| Sl. No. | Name of Director | Designation / Nature of Directorship | No. of meetings of CSR Committee held during the year | No. of meetings of CSR Committee attended during the year |
|---------|------------------|--------------------------------------|---|---|
|         |                  |                                      |   |   |
|         |                  |                                      |   |   |
|         |                  |                                      |   |   |

3. Provide the web-link(s) where Composition of CSR Committee, CSR Policy and CSR Projects approved by the board are disclosed on the website of the Company.

4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable.

5. (a) Average net profit of the Company as per sub-section (5) of section 135.

(b) Two percent of average net profit of the Company as per sub-section (5) of section 135.

(c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years.

(d) Amount required to be set-off for the Financial Year, if any.

(e) Total CSR obligation for the financial year [(b)+(c)-(d)].

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project).

(b) Amount spent in Administrative Overheads.

(c) Amount spent on Impact Assessment, if applicable.

(d) Total amount spent for the Financial Year [(a)+(b)+(c)].

(e) CSR amount spent or unspent for the Financial Year:

| Total Amount Spent for the Financial Year (in Rs.) | Amount Unspent (in Rs.)   |  |
|--|---|--|
|  | Total Amount transferred to Unspent CSR Account as per subsection (6) of section 135. | Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135. |



|  | Amount. | Date of transfer | Name of the Fund | Amount. | Date of transfer |
|--|---------|------------------|------------------|---------|------------------|
|  |         |                  |                  |         |                  |

(f) Excess amount for set-off, if any:

| Sl. No | Particular  | Amount (in Rs.) |
|--------|---|-----------------|
| (1)    | (2)   | (3)             |
| (i)    | Two percent of average net profit of the Company as per sub-section (5) of section 135                      |                 |
| (ii)   | Total amount spent for the Financial Year   |                 |
| (iii)  | Excess amount spent for the Financial Year [(ii)-(i)]   |                 |
| (iv)   | Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any |                 |
| (v)    | Amount available for set off in succeeding Financial Years [(iii)-(iv)]                                     |                 |