

CFM ASSET RECONSTRUCTION PRIVATE LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY

Valid up to December 31, 2021

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CFM ASSET RECONSTRUCTION PRIVATE LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY

1. Introduction

CFM Asset Reconstruction Private Limited ('CFM ARC'), a Company limited by shares having its registered office at A/3, 5th Floor, Safal Profitaire, Near Prahlad Nagar Garden, Ahmedabad -380015 and Corporate office at 1st Floor, Wakefield House, Sprott Road, Ballard Estate, Mumbai 400 038 is incorporated under Companies Act, 2013 on July 30, 2015.

CFM ARC has been granted a Certificate of Registration by **Reserve Bank of India ('RBI')** to commence the business of securitization of asset reconstruction under section 3 of **The Securitization And Reconstruction Of Financial Assets and Enforcement Of Security Interest Act, 2002 (Act 54 of 2002)** (hereinafter referred to as the '**SARFAESI Act**') subject to the conditions given in the letter DNBR. PD. NO 168/ 26.01.019 / 2016-17 dated August 3, 2016.

2. Background

Section 135 of the Companies Act, 2013 read with rules framed thereunder requires every Company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year shall constitute a Corporate Social Responsibility Committee of the Board.

Further, the Corporate Social Responsibility committee shall formulate and recommend to the Board, a **Corporate Social Responsibility Policy ('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.

3. Objective

- 3.1. The Objective of this Policy is to set out guiding principles and general framework for the Corporate Social Responsibility Committee to undertake CSR activities for the welfare and sustainable development of the community at large in conformity with the provisions of Companies Act, 2013 as updated from time to time or any other specific directions applicable to CFM ARC.
- 3.2. The CSR Policy shall ensure on 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 growth.
- 3.3. **The Corporate Social Responsibility Committee ('CSR Committee')** of CFM ARC shall follow, adhere and monitor the provisions of this Policy.

4. Guiding Principles

- 4.1. CSR Policy of CFM ARC 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:
- 4.1.1. Sustainability: - CSR activities shall help in building a positive image of CFM ARC in public perception. CSR projects shall be closely linked with the principles of sustainable development;
 - 4.1.2. Accountability: - CSR initiatives of CFM ARC shall be guided by Section 135 of the Companies Act, 2013 and CSR guidelines issued by the Government of India from time to time. Effective monitoring mechanism shall be put in place to ensure that the benefits accruing is as per expected levels;
 - 4.1.3. CFM ARC shall undertake ethical business practices building on existing systems for maintaining transparency and accountability. CFM ARC shall publicise CSR activities to the extent possible for the purpose of creating awareness, stakeholder information and brand value enhancement;
 - 4.1.4. CFM ARC, 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 CFM ARCs website;
 - 4.1.5. CFM ARC, in case of failing to spend the amount allocated towards CSR, the Board shall, in its report specify the reason for not spending the amount.

5. CSR Committee

- 5.1. CFM ARC shall have Corporate Social Responsibility 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.

- 5.2. The Corporate Social Responsibility Committee shall:
 - 5.2.1. Formulate and recommend to the Board, CSR policy which shall indicate the activities to be undertaken by CFM ARC;
 - 5.2.2. Recommend to the Board, agencies for CSR spending, which are compliant with the provisions of Section 135 of the Companies Act, 2013 and rules formed thereunder;
 - 5.2.3. Recommend the amount of expenditure to be incurred on the activities referred in para 5.2.1 above;
 - 5.2.4. Monitor the Corporate Social Responsibility Policy of CFM ARC from time to time;
 - 5.2.5. Report to the Board the status of CSR activities and contributions made by CFM ARC;
 - 5.2.6. Formulate and recommend to the Board, an annual action plan in pursuance to the CSR policy; and
 - 5.2.7. Any other requirement mandated under the Companies Act, 2013 and rules framed thereunder.

6. Indicative List of activities of CSR work

6.1. The Corporate Social Responsibility Committee shall consider any of the following activities as permitted in terms of Schedule VII of the Companies Act, 2013:

- 6.1.1. 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;
- 6.1.2. Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and differently abled and livelihood enhancement projects;
- 6.1.3. 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;
- 6.1.4. 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;
- 6.1.5. 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;
- 6.1.6. Measures for the benefit of armed forces veterans, wars widows and their dependants;
- 6.1.7. Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;
- 6.1.8. 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 Scheduled Castes, the Scheduled Tribes, other Backward classes, minorities and women;
- 6.1.9. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government.
- 6.1.10. rural development projects;
- 6.1.11. slum area development
- 6.1.12. disaster management, including relief, rehabilitation and reconstruction activities
- 6.1.13. Any other measures with the approval of Board of Directors on the recommendation of CSR Committee subject to the provisions of Companies Act, 2013 and rules framed thereunder.

6.2. **CSR activities shall be undertaken by CFM ARC in accordance with this policy.**

- 6.3. All 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.
- 6.4. CFM ARC may also collaborate/ combine with other Company for undertaking projects or programs or CSR activities, by way of pooling of CSR resources.

7. Amount of CSR expenditure

- 7.1. CFM ARC shall ensure that it spends, in every financial year, at least two percent of the average ¹net profits made during the three immediately preceding financial years in pursuance of this CSR Policy.
- 7.2. CSR expenditure shall include all expenditure including contribution to corpus, for projects or programs relating to CSR activities approved by the Board on the recommendation of the CSR Committee, but 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.
- 7.3. Any amount remaining unspent, pursuant to any ongoing project, fulfilling such conditions as may be prescribed, undertaken by CFMARC in pursuance of its Corporate Social Responsibility Policy, shall be transferred by CFMARC within a period of thirty days from the end of the financial year to a special account to be opened by CFMARC 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 CFMARC 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, CFMARC 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.
- 7.4. Any excess amount of CSR expenditure made by CFMARC shall be eligible for set off against future spends towards CSR activities, upto immediate succeeding 3(three) financial years, subject to fulfilment of conditions specified under the Companies Act, 2013 and rules formed thereunder.

¹ “Net Profit” computed in accordance with provisions of Section 198 of the Companies Act, 2013

8. Monitoring of CSR work

- 8.1. The CSR Committee shall institute a transparent monitoring mechanism for implementation of CSR projects or programs or activities undertaken by CFM ARC.
- 8.2. CSR Committee shall, on periodic intervals as considered necessary, shall broadly discuss following parameters as monitoring mechanism for CSR activities:
 - 8.2.1. CSR expenditure approved by the Board for relevant Financial year;
 - 8.2.2. CSR expenditure incurred for the relevant Financial year;
 - 8.2.3. Periodical updates on the projects on which the expenditure has already been incurred;
 - 8.2.4. Plan of expenditure for the remaining part of the Financial year;
 - 8.2.5. Any other factors as considered necessary.
- 8.3. In case CFM ARC fails to spend the requisite amount, as mandated, the President/ Managing Director & CEO shall specify the reasons of the same to the CSR committee and the Board.

9. Reporting to the Board

- 9.1. The President / Managing Director & CEO shall certify and report to the CSR Committee and the Board of Directors of CFMARC, the statement on the CSR expenditure and its utilization and present it to the CSR committee and the Board of Directors of CFM ARC on periodic basis as considered fit by the members of the CSR committee and the Board of Directors of CFMARC.
- 9.2. The minutes of the meeting of CSR committee shall be reported to the Board at periodic intervals. The President/ Managing Director & CEO shall report to the Board for the activities carried under CSR initiative on periodic basis.
- 9.3. Any changes in the regulatory guidelines applicable to the CSR activities of CFM ARC shall be reported to the Board on periodic basis.

10. Review of the Policy

10.1. The Board shall review the policy every year.

10.2. The Policy shall be reviewed by the Board and CSR committee from time to time keeping in view the changes in Regulations

11. Definitions

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) Rules, 2014 as amended from time to time, last being vide notification dated 22nd January, 2021.

Annexure on Amendments, Renewal of Policies, etc.

Sr No.	Particulars (Amendment/ Renewal etc.)	Date	Approved by
1.	Originally adopted	30 th April 2019	Board of Directors
2.	Extension of Policy by 3 months	30 September 2020	Managing Director & CEO
3.	Renewal of Policy for 1 years and Amendment to Chapter 6	29 th December 2020	Board of Directors
4.	Amendment to Section 5.1, 5.2, 6, 7.3, 7.4, 9.1, 10.1 and 11	26 th March, 2021	Board of Directors