

CFM ASSET RECONSTRUCTION PRIVATE LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY

Valid till June 21,2028

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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 program 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. 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 recommendation of CSR Committee and approval of 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 dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows;
 - 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 Prime Minister's Central Assistance and Relief in Emergency Situations Fund (PM CARES 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. (a) 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
(b) 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).
 - 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 CSR to any party which may be related party of CFM ARC, shall be recommended as a related party transaction by the Audit Committee of the Board and shall be approved by the Board as a Related Party Transaction. The necessary disclosures and reporting with respect to Related Party Transaction shall also be made in the Annual Report as per the provisions of Companies Act 2013.

5. CSR Implementation Framework

5.1. Implementing Agencies

The Company shall ensure that all CSR activities are undertaken either directly by the Company or through eligible implementing agencies in accordance with applicable provisions of the Companies Act, 2013 and rules made thereunder.

CSR activities may be implemented through:

- (a) a Section 8 company, or a registered public trust or society, duly registered under Section 12A of the Income Tax Act, 1961 and approved under Section 80G, including entities established by the Company singly or jointly with other companies;
- (b) entities established by the Central or State Government;
- (c) statutory bodies constituted under an Act of Parliament or State Legislature engaged in CSR activities; or
- (d) eligible Section 8 companies, trusts, or societies having a proven track record of at least three years in undertaking similar activities.

5.2. Registration of Implementing Agencies

All Implementing Agencies shall be required to obtain CSR-1 registration with the Central Government prior to undertaking CSR activities on behalf of the Company.

5.3. Annual Action Plan

The CSR Committee shall formulate and recommend to the Board for approval, an Annual Action Plan in pursuance of this CSR Policy, which shall include the following:

- The list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
- The modalities of utilization of funds and implementation schedules for the projects or programmes;
- Monitoring and reporting mechanism for the projects or programmes;
- Details of need and impact assessment, if any, for the projects undertaken by the Company.

5.4. Ongoing Project

- 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.
- “Ongoing Project” means a multi-year project undertaken by a Company in fulfilment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced, and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the board based on reasonable justification

6. **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 . 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 incurred towards 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. The board shall ensure that the administrative overheads for CSR activities shall not exceed five percent of total CSR expenditure of the company for the financial year.

- e. While allocating the CSR amount to be spent as an action plan or budget for any particular year, it shall be strived that the amount spent towards any one particular institution or Implementing agency shall not exceed more than 30% of the total annual budget. The Board may however decide to allocate the CSR budget in the form and manner deemed fit even if the same exceeds the limit specified herein.
- f. Surplus arising out of the CSR projects or programs or activities shall not form part of the business profits of the Company and shall be:
- Ploughed back into the same project; or
 - Transferred to the Unspent CSR Account and spent in pursuance of this CSR Policy and Annual Action Plan of the Company or to a Fund specified in Schedule VII, within six months from the end of the financial year.
- g. Treatment of Unspent CSR Amount:

If the company fails to spend such amount, the Board shall specify the reasons for not spending the amount in the Director's report.

Any CSR amount remaining unspent shall be dealt as follows:

- Where not related to an ongoing project:
Unspent CSR funds shall be transferred to a fund specified in Schedule VII of the Companies Act, 2013 within six months from the end of the financial year.
- Where related to an ongoing project:
Such unspent amount shall be transferred within 30 days from the end of the financial year to a special bank account to be opened by the Company for that financial year, called the Unspent CSR Account, in accordance with the Companies Act, 2013. The Company shall utilise this amount towards its CSR obligations within a period of three financial years from the date of such transfer.

If the amount remains unspent after the said period, it shall be transferred to a fund specified in Schedule VII of the Companies Act, 2013 within 30 days from the completion of the third financial year.

- h. 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.

7. Monitoring of CSR activities

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.

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.

In case the Company fails to spend the requisite amount Deputy CEO /MD & CEO shall specify the reasons of the same to the CSR Committee and the Board.

8. Impact Assessment

If the company average CSR obligation of ten crore rupees or more in pursuance of subsection (5) of section 135 of the Act, in the three immediately preceding financial years, shall undertake impact assessment, through an independent agency, of their CSR projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study.

The impact assessment reports are to be placed before the Board and annexed to the Annual CSR Report.

Expenditure on impact assessment may be accounted for towards CSR of that financial year, shall not exceed two percent of the total CSR expenditure in the relevant financial year or INR 50 lakh rupees, whichever is higher.

9. Certification of utilization of CSR funds

The Board shall satisfy itself that the funds of CSR have been utilized for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.

10. Reporting to the Board

Deputy CEO/ 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.

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

11. 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.

12. 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.

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

The Policy shall be reviewed by the CSR Committee and the Board once in two years or earlier 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
9	Renewal for 2 year	13.11.2024	BoD
10	Insertion of Clause 6.e	17.09.2025	BoD
11	Renewal for 2 year	22.06.2026	BoD

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)]	

7. Details of Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

1	2	3	4	5	6	7	8
Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in Rs.)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in Rs.)	Amount Spent in the Financial Year (in Rs)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any	Amount remaining to be spent in succeeding Financial Years (in Rs)	Deficiency, if any
					Amount (in Rs)	Date of Transfer	
1	FY-1						
2	FY-2						
3	FY-3						

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: Yes or No

If Yes, enter the number of Capital assets created/ acquired

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No.	Short particulars of the property or asset(s)	Pin code of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
	[including complete address and location of the property]						
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered address

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub-section (5) of section 135.

Sd/- (Chief Executive Officer or	Sd/- (Chairman CSR Committee).	Sd/- [Person specified under clause (d) of sub-section (1) of section 380] Managing Director or Director). (Wherever applicable).".