

CORPORATE SOCIAL RESPONSIBILITY POLICY

Background

Corporate Social Responsibility Policy (hereinafter referred to as 'CSR Policy'), encompasses Alchemist Asset Reconstruction Company Limited (AARC) philosophy for social responsibilities and it is recognized that integrating social, environmental and ethical responsibilities into the governance of businesses ensures the long term success, competitiveness and sustainability.

Further, Corporate Social Responsibility (CSR) makes a business sense as companies with effective CSR, have image of socially responsible companies, achieve sustainable growth in their operations in the long run and are preferred by others.

Objective

The main objective of CSR policy is to make CSR a key business process for sustainable development of the society. Alchemist Asset Reconstruction Company Limited will act as a good corporate citizen and aims at supplementing the role of Government in enhancing the welfare measures of the society within the framework of its policy.

Measures

In the aforesaid backdrop, policy on CSR of Alchemist Asset Reconstruction Company Limited is broadly framed taking into account the following measures:

1. The CSR activities shall be undertaken by Alchemist Asset Reconstruction Company Limited, as stated in this Policy, as projects or programs or activities (either new or ongoing), excluding the following:
 - i. activities undertaken in pursuance of its normal course of business;
 - ii. activity is undertaken outside India except for training of Indian sports personnel representing any State at a national level or India at the International level
 - iii. Contribution of any amount directly or indirectly to any political party under section 182 of the Companies Act;
 - iv. activities benefitting employees of the company as defined in Section 2(k) of the Code on Wages, 2019;
 - v. activities supported by the Company on a sponsorship basis for deriving marketing benefits for its products or services;
 - vi. activities carried out for the fulfillment of any other statutory obligations under any law in force in India.

2. An ongoing project would mean a multi-year project undertaken by Alchemist Asset Reconstruction Company Limited in fulfillment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced. An ongoing project 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 of Directors based on reasonable justification.
3. Alchemist Asset Reconstruction Company Limited shall give preference to the local area or areas around it where it operates, for spending the amount earmarked for CSR activities.
4. The Board of Alchemist Asset Reconstruction Company Limited shall ensure that the CSR activities are undertaken by the company itself or through the following:
 - 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 (43 of 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.

Explanation.- For the purpose of clause (c), the term “entity” shall mean a statutory body constituted under an Act of Parliament or State legislature to undertake activities covered in Schedule VII of the Companies Act.

Indicative List of activities for CSR work

The following is an indicative list of CSR projects or programs which Alchemist Asset Reconstruction Company Limited plans to undertake pursuant to Schedule VII of the Companies Act, 2013:

1. eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
2. promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
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;
4. 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;
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. 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;
7. training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;
8. Contribution to the prime minister's national relief fund 8[or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)] or Any 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;
9. (a) contribution to incubators or research and development projects in the field of science, technology, engineering and medicine funded by 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 the auspices of Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR), Council of Scientific and Industrial Research (CSIR), Department of Atomic Energy (DAE), Defence Research and Development Organisation (DRDO), Department of Biotechnology (DBT)], Department of Science and Technology (DST), Ministry of Electronics and Information Technology) engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).

10. rural development projects;
11. 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.

12. disaster management, including relief, rehabilitation and reconstruction activities.
13. any other measures with the approval of Board of Directors on the recommendation of CSR Committee subject to the provisions of Section 135 of Companies Act, 2013 and rules made there-under.

Constitution of Corporate Social Responsibility Committee:

The Board of Directors of the Company shall constitute a Corporate Social Responsibility Committee of the Board ("CSR Committee") consisting of three or more directors, out of which at least one director shall be an independent director.

The CSR Committee shall –

1. Formulate and recommend to the Board, a CSR policy and activities to be undertaken by the company as per Schedule VII;
2. Recommend the amount of expenditure to be incurred on the activities; and
3. Monitor the Policy of the company from time to time.

The CSR committee shall formulate & recommend an annual action plan to the Board.

The annual plan by the CSR committee shall include (a) The list of CSR projects or programs that are approved to be undertaken in areas or subjects specified in Schedule VII of the Companies Act. (b) The manner of execution of such projects or programs. (c) The modalities of utilization of funds and implementation schedules for the projects or programs. (d) Monitoring and reporting mechanism for the projects or programs. (e) The details of need and impact assessment, if any, for the projects undertaken by the company.

The Board of the company may alter the plan at any time during the financial year, as per the recommendation of the CSR committee based on the reasonable justification to that effect.

The Board of the company shall after taking into account the recommendations made by the CSR Committee, approve the policy for the company and disclose contents of such Policy in its report and also place it on the company's website and ensure that the activities as are included in the CSR Policy of the company are undertaken by the company. The Board shall ensure that the CSR activities are undertaken by the company itself or through eligible entities as specified above in this policy.

The CSR Committee shall institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company.:

Provided further that the Board of Directors shall ensure that activities included by a Company in its Corporate Social Responsibility Policy are related to the activities included in Schedule VII of the Companies Act.

Budgets

As per Section 135 of the Companies Act, 2013 the Board shall ensure that AARC spends, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial year in pursuance of this Policy.

A specific budget allocated for CSR activities and for spending on CSR activities shall not be less than 2% of the average net profits of the Company made during the three immediately preceding financial years, in pursuance of this policy.

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

Note: Administrative overheads means the expenses incurred by the company for general management and administration of CSR functions in the company and shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular CSR project or program.

In case Company fails to spend such amount, the Board shall specify the reasons for not spending the amount in the Board's Report of the Company and unless the unspent amount relates to any ongoing project, transfer such unspent amount to a Fund specified in Schedule VII of the Companies Act, within a period of six months of the expiry of the financial year.

Provided further that, if the Company spends an amount in excess of the requirements provided under section 135 of the Companies Act, 2013, the Company may set off such excess amount against the requirement to spend under the Companies Act upto immediate succeeding three financial years as per the Corporate Social Responsibility Rules, as and when amended.

The CSR Policy mandates that the surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of a 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 financial year.

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 in compliance with applicable provisions of the Companies Act, but does not include any expenditure on any item not in conformity or not in line with activities which fall within the purview of Schedule VII of the Companies Act 2013.

SPECIAL UNSPENT CSR ACCOUNT

Any amount remaining unspent pursuant to any ongoing project fulfilling the conditions set out in the Companies Act, undertaken by a company in pursuance of its CSR Policy shall be transferred by the company in the **UNSPENT CSR ACCOUNT** within a period of thirty days from the end of the financial year.

The amount transferred to the unspent CSR account 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.

In case, the company fails to spend the amount within a period of three financial years, it shall transfer the same to a Fund specified in Schedule VII of the Companies Act, within a period of thirty days from the date of completion of the third financial year.

In case of ongoing project, the Board of a Company shall monitor the implementation of the project with reference to the approved timelines and yearwise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.

CSR Implementation

The Board of AARC shall satisfy itself that the funds so disbursed have been utilised 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.

In case of ongoing project, the Board of AARC shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall make modifications, if any, for smooth implementation of the project within the overall permissible time period prescribed under the Companies Act, 2013 and rules made there under as amended from time to time.

AARC may engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy as well as for capacity building of their own personnel for CSR.

AARC may also collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or programmes in accordance with these rules.

Registration by the Entity undertaking CSR activity

Every entity who intends to undertake any CSR activity, shall be registered with the Central Government and shall have a unique CSR Registration Number.

CSR Reporting

The Board's Report of a company covered under these rules pertaining to a financial year commencing on or after the 1st day of April, 2014 shall include an annual report on CSR containing particulars specified in the applicable Annexure mentioned in the Companies Act, as may be amended from time to time.

Display of CSR activities on its website

The Board shall disclose the composition of the CSR Committee, CSR Policy and Projects approved by the Board on the website, for public access.

Management Commitment

Our Board of Directors, our Management and all of our employees subscribe to the philosophy of compassionate care. We believe and act on an ethos of generosity and compassion, characterised by a willingness to build a society that works for everyone. This is the cornerstone of our CSR policy.

Compliance with Companies Act, 2013

Our Corporate Social Responsibility policy confirms to the Section 135 of the Companies Act, 2013 on Corporate Social Responsibility as spelt out by the Ministry of Corporate Affairs, Government of India.

Update

CSR Committee of Board of Alchemist Asset Reconstruction Company Limited will review the policy from time to time based on the changing needs and aspirations of the target beneficiaries and make suitable modifications as may be necessary.