

CSR POLICY OF
RARE ASSET RECONSTRUCTION LIMITED

➤ **Preamble:**

The Company intends to make positive change to society and contribute towards the social cause of betterment of society. The Company also believes in the trusteeship concept. This entails transcending business interests and working towards making a meaningful difference to the society.

We, at Rare Asset Reconstruction Limited believe that creation of large social / welfare state is as important as wealth creation for any company. The company is committed towards the above objective and committed to ensure and activate future growth drivers together with social welfare. The company in order to achieve above objective, the board has decided to put in place policy as guide towards our social commitment.

➤ **Policy Objectives:**

The objective of the CSR Policy (“Policy”) is to lay down the guiding principles in undertaking various Programs and projects by or on behalf of the company relating to Corporate Social Responsibility (“CSR”) within the meaning of section 135 of the Companies Act, 2013 (“Act”) read with Schedule VII of the Act and the CSR Policy Rules 2014. (“Rules”)

➤ **Role of the CSR Committee:**

- Formulate CSR policy and recommend the same to the Board for approval.
- Review and recommend any new CSR initiatives to be taken up by the Company.
- Recommend the amount of expenditure to be incurred on the activities referred to in the CSR Policy.
- Review and recommend the CSR report to be included in the board’s report.
- Review and recommend any amendments to be made in the CSR policy of the Company.
- To carry such other functions as may be delegated to it by the board relating to CSR activities of the company.

➤ **CSR Initiatives:**

In line with Schedule VII of the Act and the CSR Rules, the Company shall undertake CSR activities included in its Policy, as recommended by the CSR Committee at the beginning of each year.

➤ **Focus Areas:**

For purposes of focusing its CSR efforts in a continued and effective manner, the following areas have been identified:

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. Promotion of 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 centers 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, agroforestry, 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 art and handicrafts;
6. Measures for the benefit of armed forces veterans, war widows and their dependents;
7. Training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports;
8. Contribution to the prime minister's national relief fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, 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 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).
10. Rural development projects;
11. Slum area development;
12. Disaster management, including relief, rehabilitation and reconstruction activities.
13. Such other activities as the CSR Committee / Board may consider to be appropriate.

➤ **Execution of Projects/Programs:**

1. The company may undertake one or more projects or programs or activities provided in the CSR policy through:
 - a. a company established under section 8 of the Act or a registered trust or a registered society, established by the company, either singly or alongwith 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 any entity established under an Act of Parliament or a State legislature

Provided that company may decide to undertake its CSR activities either directly or through another company established under section 8 of the Act or a registered trust or a registered society, other than those specified here, such company or trust or society shall have an established track record of three years in undertaking similar programs or projects; and the company has 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.

2. The company may also collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the CSR Committees of respective companies may agree upon.

➤ **Composition of CSR Committee and Frequency of Meeting:**

The CSR Committee shall comprise of such Directors, out of which at least one director shall be an independent director. as may be nominated by the Board, from time to time. The CSR committee shall meet at least twice in a year or as and when necessary , including once for formulation of the CSR Annual Action (expenditure) Plan, and subsequently for ascertaining the progress of implementation / impact assessment of utilization of funds for the project(s).

➤ **CSR Expenditure:**

The Company shall endeavor to spend, in applicable financial year at least 2% of the average net profits before tax of the Company made during the 3 immediately preceding financial years for CSR Policy, in accordance with Section 135 read with Schedule VII of the Act and CSR Rules, as amended from time to time. For abundant clarity, Interest on Tax shall not be deducted while computing the aforesaid net profit figure(s).

For this purpose, “average net profit” shall be calculated in accordance with provisions of Section 198 of the Companies Act, 2013, after deducting there from the dividends that may be received from companies in India which are covered under and complying with the provisions of Sec 135 of the Companies Act 2013.

The Secretarial Audit Report shall comment on the compliance of the computation of the Average Net Profit, as defined under the Act.

The Company may give preference to the local area(s) and areas around which it operates in India. The Company may use the CSR capacities of their own personnel in executing the CSR activities and also effectively monitoring the same but such CSR expenditure shall not exceed 5% of total CSR expenditure of the company in one financial year. The surplus arising out of the CSR projects or programs or activities (if any) shall not form part of the business profit of a company.

For any unspent CSR funds that do not relate to any Ongoing Project, such unspent funds shall be transferred to the Fund specified under Schedule VII of the Act, within a period of six (6) months of the expiry of the financial year.

In the event that Rare ARC spends an amount in excess of the requirement provided under Section 135(5) of the Act, such excess amount may be set off against the requirement to spend under Section 135(5) of the Act, upto immediate succeeding 3 (three) financial years subject to the conditions that such excess amount shall not include surplus arising out of the CSR activities.

➤ **Monitoring of CSR Activities:**

CSR committee of the company will be responsible for the monitoring of various CSR projects or programs undertaken by the company directly or indirectly. The committee shall ensure that;

- Company undertakes the CSR activities as provided in the CSR policy
- The Company shall obtain fund Utilisation certificate after completion of CSR expenditure.
- The CSR Committee would be responsible for monitoring the approved projects and/or programmes and would ensure that the funds are utilized for the approved purpose and to the satisfaction of the Board in the manner approved by it and shall be certified by the Chief Financial Officer/ Company Secretary/Designated Official.
- Monitoring mechanisms may include visits, meetings and progress/status reporting by the project/programme teams. Company's CSR activities will be regularly reviewed by the CSR Committee. A system will be put in place to maintain a transparent monitoring and reporting mechanism across all the stakeholders involved in the CSR activities, as required under Section 135 read along with Schedule VII of the Act along with the CSR Rules and other applicable laws as amended from time to time.
- In case of a multi-year project having timelines not exceeding 3 (three) years during a financial year in which it was commenced, undertaken by Company in fulfillment of its CSR obligations (including projects that was initially not approved as a multi-year project but whose duration has been extended beyond 1 (one) year by the Board) (Ongoing Project), the Committee/Board shall monitor the implementation of such CSR project and/or programme with reference to the approved timelines and year-wise allocation. The Board may also make modifications, for smooth implementation of such project and/or programme within the overall permissible time period.

The Company may engage external agencies for the purposes of monitoring, designing and evaluation of the CSR projects / programmes approved as per the provisions of this CSR Policy.

➤ **Reporting of CSR Policy**

On approval of the CSR policy or any amendments thereof, brief contents of the policy shall be included in the Boards' report.

At the end of each financial year, the CSR committee shall prepare a report of the CSR program in the prescribed form relating to the financial year and submit to the board for its inclusion in the Board's report in the format recommended in the Companies (Corporate Social Responsibility Policy) Rules, 2014, as may be amended from time to time, as part of its annual report.

➤ **Amendment of CSR Policy**

The CSR policy of the company may be amended at any time by the board of the company on the Recommendation of the CSR Committee.

Notwithstanding the above, in case there are any changes in the CSR requirements under the Companies Act, 2013 / Companies CSR Policy Rules, 2014 and/or other guidelines / notifications in this matter, the CSR Policy will be automatically deemed amended to that extent with immediate effect from the deemed date of such modification, and the company will abide by the same.

The policy shall have permanent validity but may be reviewed / modified if felt necessary, with approval of the Board of Directors.

The Policy reviewed/approved by Board on September 23, 2024.
