



Prudent ARC Limited (PARC)

Corporate Social Responsibility (CSR) Policy

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1. Introduction

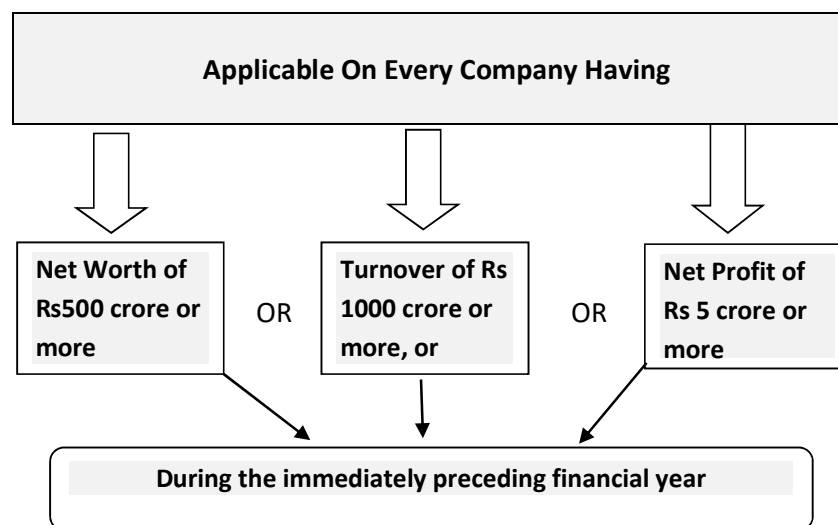
Prudent ARC Limited (PARC/the Company) is a public limited company incorporated under the provisions of the erstwhile Companies Act, 1956 and is an Asset Reconstruction Company registered with Reserve Bank of India.

Section 135 of the Companies Act 2013 read with the Companies (CSR Policy) Rules, 2014 (including any modifications or amendments thereto) has made Corporate Social Responsibility (CSR) as a mandatory provision for prescribed companies to add a sense of responsibility and contribution among corporates.

2. What is Corporate Social Responsibility (CSR)?

'CSR' means the activities undertaken by a Company in pursuance of its statutory obligation laid down in section 135 of the Companies Act, 2013 read with the Companies (CSR Policy) Rules, 2014 as amended from time to time.

3. Applicability



This policy is applicable to Prudent ARC Limited.

4. Vision Statement and CSR Philosophy

“At PARC, CSR is more than a statutory obligation, it is our sincere commitment to serve the people of India from the core of our heart.”

Corporate Social Responsibility of 'PARC' is a Company's sense of responsibility towards the ecological, physical and social environment in which it operates. It is a step towards organizations to become socially responsible corporate citizens and creates positive impact on the environment, communities and societies. The Policy recognizes that Corporate Social Responsibility is not merely a compliance; it is a commitment to support initiatives that measurably improve the lives of the underprivileged.

To this end, the Company seeks to undertake Corporate Social Responsibility activities, which extend beyond the scope of the business and focuses on human, environmental and social assets.

5. Scope of the Activities/Objectives:

- i. 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;
- ii. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the 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, 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;
- 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 art and handicrafts;
- vi. 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;
- vii. 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 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.
- ix. 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

- x. 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).
- xi. Rural development projects.
- xii. Slum area development.
- xiii. Disaster management, including relief, rehabilitation and reconstruction activities.

The above list is illustrative and not exhaustive. The CSR Committee of the Board of Directors may consider any other CSR activities which are permitted as per the provisions of Section 135, Rules framed thereunder, Schedule VII or any activities which are permitted by the Central Government, State Government, Regulatory Authorities, Statutory Authorities from time to time.

The CSR programmes and activities shall not include the following, namely:

- i. activities undertaken in pursuance of normal course of business of the company;
- ii. any activity undertaken by the company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;
- iii. contribution of any amount directly or indirectly to any political party under section 182 of the Companies Act, 2013;
- iv. activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);
- v. activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services; and
- vi. activities carried out for fulfillment of any other statutory obligations under any law in force in India;

6. CSR Committee

The Corporate Social Responsibility (CSR) Committee of the Company shall be constituted in accordance with the provisions of the Companies Act, 2013. The CSR Committee shall be responsible for initiating, monitoring, recommending and reviewing CSR activities of the Company undertaken by it from time to time.

Composition of CSR Committee

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

Accordingly, the Board of Directors of PARC in its meeting held on 28th December, 2022 had approved the constitution the CSR Committee as under:

1. Shri Shankar Aggarwal - Independent Director
2. Shri Satish Chander Gupta - Independent Director
3. Shri Aneesh Goel - Non- Independent Director

7. Scope of Work and Powers of the CSR Committee

- i. To formulate/amend the CSR Policy and recommend to the Board for approval.
- ii. To identify viable CSR Projects, Activities or programmes and recommend to the Board for approval.
- iii. The Committee will recommend the allocations of funds to be included in the Annual CSR Budget as per Section 135 of the Companies Act 2013 and Companies (Corporate Social Responsibility Policy) Rules 2014 and to get the approval from the Board of Directors for the Annual Budget of CSR.
- iv. The Committee will review and monitor the progress of the execution of projects and will carry out any other associated Project / Activity which the Committee may consider appropriate.
- v. The Committee will meet at least **two** times in a year to discuss and review CSR Projects, Activities, Policy and Programmes.
- vi. To regularly monitor implementation of the CSR Policy and Projects within the regulatory framework.
- vii. To formulate/amend the Annual Action Plan and recommend to the Board for approval.
- viii. To review implementation of the approved Projects.
- ix. The Committee shall have the authority to call such employee(s), senior official(s) and/or professionals, as it deems fit with regard to any matter.
- x. The Committee may select and classify a Project as an 'Ongoing Project' as per the requirements of the Companies Act, 2013.
- xi. To review, amend the Projects, Proposals and recommend to the Board.

xii.To carry out such other function as mandated by the Board or required under any law, from time to time.

8. Funding & Allocation

For achieving its CSR objectives, the Board shall ensure that the company 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 years. Allocation of the Annual Budget for CSR activities in any given year shall be as per the provisions of the Companies Act, 2013 and rules made thereof as amended from time to time.

The 'Net Profit' shall be calculated in accordance with provisions of Section 135 read with Section 198 of the Companies Act, 2013 and rules made thereunder.

9. Annual Action Plan

The CSR Committee shall formulate and recommend to the Board, an annual action plan, which shall include the following, namely:-

- (a) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
- (b) the manner of execution of such projects or programmes;
- (c) the modalities of utilisation of funds and implementation schedules for the projects or programmes;
- (d) monitoring and reporting mechanism for the projects or programmes; and
- (e) details of need and impact assessment, if any, for the projects undertaken by the company:

Provided that Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.

10. Implementation of CSR Activities

The criteria for implementation of the CSR Projects is given in Annexure I.

11. Impact Assessment of CSR Activities/Projects

The Company may undertake Impact Assessment of its CSR Activities/Projects, through an independent agency, so as to assess the actual impact of its CSR activities to the beneficiaries.

12. Monitoring & Reporting

- i. To ensure effective implementation of the CSR activities/programmes undertaken by PARC / implementing agency, the monitoring shall be done by the CSR Committee on a periodic

basis with regard to the progress on the CSR activities / programmes carried out by PARC / implementing agency.

ii. The Board shall satisfy itself that the funds so disbursed have been utilized for the purposes and in the manner as approved by it. The Chief Financial Officer shall certify to the effect.

iii. Appropriate documentation of the Company's CSR activities, executing partners, and expenditure entailed will be undertaken on a regular basis.

iii. The Board's Report of the company pertaining to any financial year shall include an annual report on CSR containing particulars as applicable.

13. Review and Amendment

The Board of Directors of the Company shall have the powers to revise / modify / amend this Policy from time to time, as the Board may think fit, based on the recommendations to be made by the CSR Committee.

Any subsequent amendments / modifications in the CSR provisions made under the Companies Act, 2013, rules made thereunder or any other laws, in this regard, shall automatically apply to this policy.

In case of any doubt with regard to any provision(s) of the policy and also in respect of matters not specifically covered herein, the same shall be referred to the CSR Committee of the Board of Directors. In all such matters, the interpretation & decision of the CSR Committee of the Board of Directors shall be final.

14. Publication

The CSR Policy will be published on the Company's website at www.prudentarc.com.

Annexure I

Implementation of CSR Activities/Projects

The Board of PARC shall ensure that the CSR activities are undertaken by the company itself or through –

(a) a section 8 company, 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 80G of the Income Tax Act, 1961, established by the company, either singly or along with any other company; or

(b) a section 8 company 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 section 8 company, 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 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

The PARC shall ensure that the proposed implementation agency shall be eligible to take up projects as per the requirements under the Companies Act, 2013 (as amended from time to time).