

International Asset Reconstruction Company**Corporate Social Responsibility (CSR) Policy****1. Objective:**

The objective of IARC's CSR Policy is to fulfill the company's responsibilities as a good corporate citizen in addition to complying with statutory requirements under Section 135 of Companies Act 2013 (Act) and The Companies (Corporate Social Responsibility Policy) Rules, 2014 (CSR Rules).

2. CSR Committee of the Board:

IARC's Board will from time to time constitute the Corporate Social Responsibility Committee of the Board (CSR Committee) in accordance with Section 135 of the Act. The Board, at their meeting held on the 7th July 2014 has, accordingly, constituted the CSR Committee with the following terms of reference:

- a) Formulate the CSR Policy of the company
- b) Recommend to the Board, the amount of expenditure to be incurred on CSR activities.
- c) Monitor the CSR Policy of the company from time to time.

3. Minimum expenditure on CSR:

During any financial year during which Section 135 of the Act is applicable to IARC, IARC shall spend an amount not less than two percent of its average net profit for the preceding three years, on CSR activities to be undertaken by the company as specified in Schedule VII of the Act. For this purpose, the average net profit will be calculated in accordance with the provisions of Section 198 of the Act or otherwise as stipulated under the Act and/or the relative Rules from time to time.

4. Broad outline of activities to be undertaken by IARC:

CSR activities undertaken shall be those covered under Schedule VII of the Act, read with Subsection 5 of Section 135 of the Act and the CSR Rules. Some of the salient aspects are given below:

- Projects, programs or activities that benefit only the employees of IARC or their families shall not be considered as part of CSR initiative.
- Activities undertaken in pursuance of normal course of business of IARC shall not be considered part of CSR initiative.
- Activities undertaken in India only shall amount to the CSR expenditure.



- Contribution of any amount directly or indirectly to any political party shall not be considered as CSR activity.
- CSR activities or projects and programs may be undertaken in collaboration with other companies provided the CSR Committees of the respective companies are in a position to report separately on such projects or programs as per the CSR Rules.
- CSR committee shall decide on the location of the CSR activity giving preference to be the local area and areas around where the company operates, for spending the amount earmarked for CSR activities.
- Surplus arising out of CSR activities, if any, shall not form part of the business profit of the company.
- The manner of fulfilling the responsibility by undertaking socially beneficial activities falling within the purview of Schedule VII, the modalities of execution and implementation schedule, will be considered by CSR Committee periodically and suitable recommendations made to the Board.

5. Specific program for the year 2015-16

Considering the fact that IARC does not, at present, have the organizational infrastructure to directly undertake CSR activities, IARC shall fulfill its responsibilities by contributing equally to the Prime Minister's National Relief Fund and the Swachh Bharat Kosh during financial year 2015-16. The contribution shall be made before the 31st March 2016.

6. Monitoring of fulfillment of CSR:

The Company Secretary shall be the Compliance Officer for ensuring compliance with requirements of Section 135 of the Act. He shall submit a half-yearly report as at the end of March and September every year to the CSR Committee in its first meeting following the respective half-year ending, incorporating the following:

- CSR expenditure approved by the Board for the relevant financial year
- CSR expenditure actually incurred during the relevant financial year
- Project(s) for which the expenditure was approved and the actual expenses incurred on each project
- Plan of expenditure for the remaining part of the financial year
- Issues, if any

In the first meeting of CSR Committee after the finalization of accounts for the previous financial year, the report will also include recommendation for the amount to be committed to CSR for the ensuing year and the manner of incurring the expenditure

6. Disclosures in the Annual Report of the Board of Directors / Statement of Profit and Loss:

- The Annual Report of IARC shall include an annual report on CSR activities on the format annexed to rules framed under Section 135, which shall include, inter alia, the following information:
 - The composition of the CSR Committee of IARC
 - The details of the CSR Policy developed and implemented by IARC and the initiatives taken during the year
 - In the event of IARC failing to spend on CSR activities the sum required to be spent under Section 135 of the Act, the reason for not spending the required amount
- While preparing the Statement of Profit and Loss, IARC shall disclose by way of notes, the amount of expenditure incurred on CSR activities

7. Display of CSR Policy on the website of IARC:

The CSR Policy of IARC shall be placed on the website of IARC.

8. Annual Review of Policy:

CSR Policy will be reviewed annually by CSR Committee and submitted to the Board for review and approval