

## Corporate Social Responsibility (“CSR”) Policy

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### Hiranandani Financial Services Private Limited

#### Policy Control

<b>Date</b>	<b>Approved By</b>	<b>Owner</b>
October 25, 2023	Board of Directors	Board of Directors

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## 1. INTRODUCTION

Hiranandani Financial Services Private Limited [the “**Company/HFS**”], is a Non-Deposit taking Systemically Important Non-Banking Financial Company [“**NBFC-ND-SI**”] categorised as NBFC-ML (Middle Layer) registered with the Reserve Bank of India [“**RBI**”] under section 45-IA of the Reserve Bank of India Act, 1934 [“**RBI Act**”].

The Company is engaged in the business of providing various financing products to its customers, which includes Individuals, Partnership firms, Companies and other legal entities.

As a responsible corporate citizen, a company must conduct its business with all stakeholders in a responsible and equitable manner. HFS is devoted to and performs its business activities legally, in accordance with its compliance duties and maintains highest ethical standards.

## 2. BACKGROUND

Section 135 of the Companies Act, 2013 read with rules made thereunder and circulars / notifications / amendments issued / made thereon from time to time, requires the Company to formulate a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by Company and monitor the said policy from time to time (“**CSR law**”).

The Board of Directors (“**Board**”) of the Company has thus framed a policy as per applicable laws and the same is adopted by the Company as Corporate Social Responsibility Policy (“**CSR Policy**”).

This Policy lays down the guidelines and mechanism for undertaking programs / projects /activities in accordance with the CSR laws. This Policy covers all the internal dimensions of the CSR structure and further captures and sets out the process of implementation of the CSR related activities.

## 3. DEFINITIONS

In this Policy, unless the context otherwise requires:

- 3.1 “**Act**” means the Companies Act, 2013 including any Statutory modification(s) or re-enactment(s) thereof;
- 3.2 “**Administrative overheads**” means the expenses incurred by the company for ‘general management and administration’ of Corporate Social Responsibility functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme;
- 3.3 “**Agency**” means an NGO/Trust/Society/any such bodies who will be chosen as an implementation partner with established track records of at least three financial years and is in conformity with the applicable CSR law;
- 3.4 “**Board**” means the Board of Directors of Hiranandani Financial Services Private Limited;
- 3.5 “**Corporate Social Responsibility**” or “**CSR**” means the activities undertaken by a Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in the rules, but 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 Act;
  - (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;
  - (vi) activities carried out for fulfilment of any other statutory obligations under any law in force in India.
- 3.6 **“CSR” / “Corporate Social Responsibility”** means the projects or programs relating to activities undertaken by the Board of the Company in pursuance of recommendations of the CSR Committee (if any) of the Board as per declared CSR Policy of the Company;
- 3.7 **“Net Profit”** means the net profit of a company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely:-
- (i) any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and
  - (ii) any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act: Provided that in case of a foreign company covered under these rules, net profit means the net profit of such company as per profit and loss account prepared in terms of clause (a) of sub-section (1) of section 381, read with section 198 of the Act;
- 3.8 **“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;
- 3.9 **“Rules”** means the Companies (Corporate Social Responsibility) Rules, 2014 and any modifications and/or re-enactment made thereof from time to time.

#### 4. PHILOSOPHY

HFS believes in integrating its business values and operations to meet the expectations of its stakeholders. Our CSR philosophy is at the core of everything we do. We envision a future where every person has access to responsible financial guidance and resources that contribute to their growth and success. Our commitment is rooted in fostering literacy, promoting sustainable practices, and creating a positive social impact. We view ourselves as more than just a financial institution – we are a committed partner in building a better future. By actively engaging with communities, empowering diversity, and managing risks conscientiously, we strive to create a positive impact beyond profits.

#### 5. SCOPE

This Policy shall apply to all the CSR activities undertaken by the Company in accordance with clause 6 of this CSR Policy, whether such activity is undertaken in collaboration with or through a company established under section 8 of the Act or a registered trust or a registered society, established by the company, either singly or along with any other company, or by 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 or on its own.

## 6. CSR ACTIVITIES

The Company shall undertake activities as CSR projects inline Schedule VII of the Act. Following is the list of activities in which the Company shall expend on-

- (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) (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) rural development projects;
- (xi) slum area development;
- (xii) disaster management, including relief, rehabilitation and reconstruction activities.

Such other areas within the ambit of Schedule VII of the Act as amended from time to time.

## **7. MODALITIES FOR IMPLEMENTATION OF CSR ACTIVITIES**

The Board/CSR Committee shall review the proposals presented by the management for the projects to be supported, detailed plan, modalities of execution, implementation schedule, monitoring process and amount to be allocated to the project(s). The Board/Committee will satisfy itself about the projects, their promoters, efficacy, implementation team, timeframe, costs etc., as well as whether it falls within the areas mentioned in the Act. Based on its deliberations, the Board/Committee will decide the projects and the amount to be contributed for support.

HFS may also facilitate the involvement of its employees in CSR projects and events, giving them an opportunity to engage in socially meaningful activities, thus, enabling them to realize their full potential and role as socially responsible citizens.

If the Company builds CSR capacities of its own personnel as well as those of their implementing Agency(ies), such expenditure shall not exceed five percent of total CSR expenditure of the company in one financial year. Expenditure, here, includes expenditure on administrative overheads.

Where the Company decides to undertake CSR activities through section 8 company, registered trust or a registered society other than established by Company itself or the Central Government or State Government or any entity established under an Act of Parliament or a State legislature, the Company shall ensure such company or trust or society shall have an established track record of three financial years in undertaking similar programs or projects.

The Company shall specify the projects to be undertaken, modes of utilization of funds for such projects and programs and shall put in place monitoring and reporting mechanism.

## **8. IMPACT ASSESSMENT**

In order to assess the impact of its CSR projects and the program, maximize outcomes and build-in sustainability, scalability and replicability, Company should:

- Ensure that the projects undergo concurrent and final evaluation;
- Engage credible third parties to undertake evaluation of all or selected project(s).

## 9. MONITORING OF CSR ACTIVITIES

The Board/CSR Committee of the Company shall be responsible for monitoring the Policy from time to time. The Board/CSR Committee is also responsible to institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the company.

Where the Company is undertaking CSR activities through external agencies, the Company shall obtain adequate evidence to justify expenditure of allocated funds.

The management of the Company shall submit a report periodically, giving status of the approved Projects, amounts allocated, expenditure incurred and such other details as may be required by the Board/CSR Committee of the Company.

The Board/CSR Committee shall meet as and when required to review the progress of varied CSR projects in terms of both outcome assessment and financial monitoring.

The Board/CSR Committee shall be responsible for ensuring required amount is spent in each financial year. If the Company fails to expend CSR amount as required by the Act, the Board shall in specify the reasons for not spending the amount in the Board Report.

## 10. CSR COMMITTEE

Where the amount to be spent by the Company under sub-section (5) of section 135 does not exceed fifty lakh rupees or as may be amended, the Board is not required to constitute the CSR Committee and, in such situation, the functions of such Committee, as required under section 135 read with the CSR rules, will be discharged by the Board in addition to its responsibilities under this Policy.

In case where the amount exceeds the limit, the Company shall constitute a CSR Committee comprising of three or more directors, including at least one independent director in accordance with the applicable provisions of the Act.

### **Role and Responsibility:**

The CSR Committee of the Company shall-

- (i) formulate / make changes from time to time and recommend to the Board for its approval, a CSR Policy which shall indicate the activities to be undertaken by the Company in areas or subject, specified in Schedule VII to the Act;
- (ii) recommend the amount of expenditure to be incurred on the CSR activities to be undertaken by the Company;
- (iii) monitor the CSR Policy of the Company from time to time;
- (iv) formulate and recommend to the Board for its approval, an Annual Action Plan in pursuance of this CSR policy; and
- (v) make recommendation to the Board for alteration of Annual Action Plan if required at any time during the financial year based on reasonable justification;
- (vi) ensure CSR activities are undertaken by the Company;
- (vii) approve the CSR report to be included in the Board Report of the Company every year.

## 11. RESPONSIBILITY OF BOARD

The Board of the Company shall-

- (i) constitute a CSR Committee of the Board, if applicable and required under the Act;
- (ii) disclose the composition of the CSR Committee in the Board's report, if any;
- (iii) approve the CSR Policy for the Company and disclose contents of such Policy in its report and also place it on the company's website;
- (iv) ensure that the activities as are included in CSR Policy are undertaken by the Company;
- (v) 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, in pursuance of this CSR Policy;
- (vi) if the Company fails to spend such amount as specified above, then in its report ("Board's Report) made under clause (o) of sub-section (3) of section 134 of the Act, specify the reasons for not spending the amount and, unless the unspent amount relates to any ongoing project referred to in sub-section (6) of section 135 of the Act, transfer such unspent amount to a Fund specified in Schedule VII to the Act, within a period of six months of the expiry of the financial year;
- (vii) if any amount remaining unspent under sub-section (5) of section 135 pursuant to any ongoing project, transfer within a period of thirty days from the end of the financial year to a special account to be opened by the company in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account, and such amount 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, failing which, the company shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year;
- (viii) discharge the functions of the CSR Committee until it is required to be constituted in pursuance of sub-section (5) of section 135;
- (ix) satisfy itself that the CSR funds 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;
- (x) in case of ongoing project, 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;
- (xi) approve the Annual Action Plan, as recommended by the CSR Committee, if any;
- (xii) alter the Annual Action Plan at any time during the financial year, as per the recommendation of its CSR Committee, if any, based on the reasonable justification to that effect;
- (xiii) ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the Company for the financial year;
- (xiv) pass a resolution for setting off the CSR amount spent in excess of requirement provided under sub-section (5) of section 135, against the requirement to spend under sub-section (5) of section 135 up to immediate succeeding three financial years;
- (xv) make disclosures in the Board's Report as required under Rule 8 of the CSR Rules;
- (xvi) undertake impact assessment as required under Rule 8 of the CSR Rules and take note of the impact assessment reports which are mandatorily required to be placed before it, if required; and
- (xvii) mandatorily disclose the composition of the CSR Committee, if any, and CSR Policy and Projects approved by the Board on website of the Company for public access.



## **12. REPORTING AND DISCLOSURE**

The Company shall ensure that:

- (i) The Board's Report pertaining to the respective financial year, include an annual report on CSR containing particulars as per applicable prescribed format including impact assessment report, if any;
- (ii) The website of the Company contains disclosures about composition of CSR Committee (if applicable), CSR policy and projects approved by the Board;
- (iii) Such other disclosures and reporting as may be prescribed by the law.

## **13. REVIEW OF POLICY**

The Board reserves the right to review and amend this policy to ascertain its appropriateness as per the needs of the Company. Review shall be carried out once a year or on ad-hoc basis as deemed necessary by the Board. The Board may, subject to applicable laws, amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy.

In the event of any conflict between the provisions of this Policy and the Act or any other statutory enactments, rules, the provisions of the Act or statutory enactments, rules shall prevail over this Policy.