Corporate Social Responsibility (“CSR”) Policy

Hiranandani Financial Services Private Limited

Policy Control

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Hiranandani Financial Services

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1. INTRODUCTION

Hiranandani Financial Services Private Limited ("HFS" or "the Company"), is registered with the Reserve Bank of India ("RBI") as an Investment and Credit Company- Non-Deposit Taking Non-Banking Finance Company ("NBFC"). The Company is classified as a Middle Layer NBFC under the Reserve Bank of India (Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Directions, 2025, as amended from time to time. HFS is primarily engaged in the business of granting loans.

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

In terms of Section 135 of the Companies Act, 2013, the Companies (CSR Policy) Rules, 2014, read with the circulars / notifications / amendments issued / made thereon from time to time ("CSR norms"), requires the Company to formulate and adopt a Corporate Social Responsibility Policy which shall indicate the CSR activities to be undertaken by Company and monitor implementation of such CSR activities, in terms of the Annual Action Plan ("AAP") approved by the Board under the said policy from time to time.

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 CSR programs / projects /activities in accordance with the AAP and the extend of CSR laws. This Policy covers the internal dimensions of the CSR structure and captures and sets out the process for monitoring the implementation of such 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 "**Annual Action Plan"** which shall mean an annual action plan, in terms of the CSR Policy, which shall include the following, namely: (a) the list of CSR projects or programmes that are approved to be undertaken in areas subjects specified in Schedule VII of the Act; (b) the manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4; (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.

3.5 "**Board**" means the Board of Directors of Hiranandani Financial Services Private Limited;

3.6 "**Corporate Social Responsibility**" or **"CSR**" means the CSR related 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) as amended;
(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.

3.7 "**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;

3.8 "**CSR Committee**" means the Corporate Social Responsibility Committee of the Board referred to in Section 135 of the Act;

3.9 "**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;

3.10 "**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;

3.11 "**Rules**" means the Companies (Corporate Social Responsibility Policy) 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 7 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. GOVERNANCE

The CSR Committee of the Board shall be responsible for meeting the objectives of the CSR policy. The Committee shall recommend the changes in the policy, if any, activities to be carried out by the Company, obligations and project implementation etc to the Board of Directors for its approval. The decision of the CSR committee shall be executed through the HR department.

7. 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 can 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.

(xiii) Subscription to zero coupon zero principal instruments on Social Stock Exchange.

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

8. MODALITIES FOR IMPLEMENTATION OF CSR ACTIVITIES

The CSR Committee shall review and recommend to the Board for approval the annual action plan in respect of the CSR activities proposed to be undertaken by the Company, during the financial year, modalities of execution, implementation schedule, monitoring process and amount to be allocated to the project(s).

The CSR Committee shall satisfy itself about the projects, the timeframe for implementation, costs etc., as well as whether it falls within the areas as mentioned in the Schedule VII of Act. On review of the above, the CSR Committee may proceed to submit the Annual Action Plan (AAP) for the review/ approval of the Board, including the CSR Funds to be allocated to each of the CSR Project(s), as set out in the AAP.

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). 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.

9. IMPACT ASSESSMENT

If required/applicable under the Companies Act 2013 or under any other law, the Company shall 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).

10. MONITORING OF CSR ACTIVITIES

The CSR Committee of the Company shall be responsible for monitoring the implementation of the Policy from time to time. The 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 Company shall submit a report, on the status of the approved Projects, CSR Funds, allocated, CSR amount spent, and such other details as may be required by the CSR Committee/Board of the Company.

The CSR Committee shall meet as and when required to review the progress of varied CSR projects in terms of the AAP, and access 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.

11. CSR COMMITTEE

The CSR committee has been constituted in compliance with the provisions of the Section 135 of Companies Act, 2013 read with Rule 5 of Companies (Corporate Social Responsibility Policy) Rules 2014. The Committee shall at all times consist of at least 3 directors of whom at least one shall be an Independent director. An outgoing member of the CSR Committee may be replaced by any other member of the Board

Terms of reference:

1. Periodically review the existing CSR Policy and recommend any changes to the Board, based on evolving statutory requirements or business priorities.
2. Recommend the amount of expenditure to be incurred on the CSR activities.
3. Monitor the implementation of the CSR Policy from time to time and ensure that the programs and projects are aligned with the policy objectives.
4. Oversee the execution of CSR projects, including monitoring of timelines, fund utilization, and impact assessment where applicable.
5. Review and recommend the Annual Report on CSR activities to be included in the Board's Report as per the applicable rules.
6. Ensure compliance with the provisions of the Companies Act, 2013 and the applicable CSR Rules, including maintenance of documentation and disclosures on the Company's website.
7. Any other activities as may be required by the Board from time to time.

12. RESPONSIBILITY OF BOARD

The Board of the Company shall-

(i) constitute/reconstitute the CSR Committee of the Board and amend/ratify the terms of reference

(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; Provided that the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities;

(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), 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) The surplus arising out of the CSR projects or programs, or activities shall not form part of the business profit of the Company.
(ix) satisfy itself that the CSR funds disbursed have been utilised for the purposes and in the manner as approved by it;
(x) approve/review the Annual Action Plan, as recommended by the CSR Committee, and its progress and expenditure, identified “ongoing projects” including year wise allocation of funds in alignment with the CSR Policy;
(xi) 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;
(xii) 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;
(xiii) make disclosures in the Board’s Report as required under Rule 8 of the CSR Rules;
(xiv) 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
(xv) 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.

13. REPORTING AND DISCLOSURE

The Company shall ensure that:
(i) The Board’s Report shall 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 shall contain disclosures about composition of CSR Committee, CSR policy and projects undertaken as approved by the Board;
(iii) Such other disclosures and reporting as may be prescribed by the law.

14. REVIEW OF POLICY

This Policy shall be subject to an annual review by the CSR Committee, or earlier pursuant to regulatory changes and the revised Policy shall be reviewed by the CSR Committee and recommended for the approval of the Board.

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.