

## POLICY ON CORPORATE SOCIAL RESPONSIBILITY

Credila Financial Services Limited (formerly known as HDFC Credila Financial Services Limited) (the Company), a Public Limited Company incorporated under the Companies Act, 1956 and having its registered office at B-301, CitiPoint, Andheri — Kurla Rd., Andheri (E), Mumbai - 400059, has formulated and adopted this Corporate Social Responsibility Policy in terms of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 (CSR Rules).

Section 135 of the Companies Act, 2013, requires the Company to constitute a Corporate Social Responsibility (CSR) Committee of Directors, adopt a CSR Policy, spend at least 2% of its average net profits made during the immediately preceding three financial years towards CSR activities as set out in Schedule VII to the Companies Act, 2013 and confirm compliance thereof in the Annual Report.

Accordingly, on the recommendation of the CSR Committee constituted under this Act, this Policy was reviewed and Approved by the Board of directors of the Company at its meeting held on October 18, 2014, and deemed to have come into effect from April 1, 2014.

<b>Title</b>	<b>Particulars</b>
Reviewing Authority	Corporate Social Responsibility (CSR) Committee of Directors
Approving Authority	Board of Directors of the Company
Document Status	Approved by the Board on October 18, 2014
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Third Revision Date	July 26, 2021
Review cycle	Annually and as recommended by the CSR Committee.
Last Reviewed by the Board in Annual review	April 17, 2023

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## I. BACKGROUND

Corporate Social Responsibility is a company's sense of responsibility towards the society and environment in which it operates. It is the continuing commitment by business to behave ethically and contribute to economic development of the society at large and building capacity for sustainable livelihoods.

The Company believes in conducting its business responsibly, fairly and in a most transparent manner. It continually seeks ways to bring about an overall positive impact on the society and environment where it operates and as a part of its social objectives.

## II. DEFINITIONS

- **Company** means Credila Financial Services Limited.
- **Act** means the Companies Act, 2013, as amended from time to time.
- **CSR Rules** means Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, as amended from time to time.
- **Board** means Board of Directors of the Company.
- **CSR Project/Program** means the interventions undertaken by the Company in pursuance of its statutory obligation laid down in Section 135 of the Act.
- **CSR Committee** means the Corporate Social Responsibility Committee constituted by the Board of Directors pursuant to Section 135 of the Companies Act, 2013.
- **Net Profit** means the net profit of the Company as per its financial statement prepared in accordance with the applicable provisions of the Companies Act, 2013, but shall not include the following, namely: -
  - Any profit arising from any overseas branch or branches of the Company whether operated as a separate company or otherwise; and
  - Any dividend received from other companies in India, which are covered under and complying with the provisions of Section 135 of the Companies Act 2013.
- **Policy** means this Corporate Social Responsibility Policy, as may be amended from time to time.
- **Administrative overheads** mean 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;
- **Ongoing Project** means a multi-year project undertaken by the 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 of Directors based on reasonable justification.

### **III. SCOPE, APPLICABILITY AND POLICY GUIDELINES**

This Policy shall be applicable to all CSR initiatives undertaken by the Company in pursuance of the requirements of Section 135 and Schedule VII of Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 (including any statutory modifications, amendments, or re-enactments of any of them for the time being in force).

#### **POLICY GUIDELINES**

- All CSR Projects must be aligned as prescribed in Schedule VII of the Companies Act, 2013.
- CSR projects or programmes or interventions (except training of Indian Sports Personnel representing any State or Union territory at national level or India at international level) must be undertaken in India.
- The Company may take help of International Organizations in designing, monitoring, and evaluating its CSR Projects, and in assisting with capacity building of its personnel. However, it is clarified that such organizations cannot take the responsibility of actual implementation of the CSR initiatives.
- CSR projects or programmes must not include the initiatives undertaken in pursuance of normal course of business of the Company.
- Projects or programmes or Interventions that benefit only the employees of the Company shall not be considered as CSR.
- CSR interventions should be in project/programme mode. One-off events such as marathons/awards/charitable contribution /advertisement /sponsorship of TV programmes etc. and any other sponsorship activity deriving marketing benefits for the company's products or services will not qualify as part of CSR expenditure.
- Contribution of any amount directly or indirectly to any political party shall not be considered as CSR.
- Activities carried out for fulfilment of any other statutory obligations under any law in force in India will not qualify towards CSR requirements.

### **IV. ROLE OF THE BOARD OF DIRECTORS**

The roles and responsibilities of the Board of Directors towards CSR shall include:

- Provide recommendations and approval for the annual action plan formulated and presented by the CSR Committee for spending of the prescribed CSR budget.
- Alter the recommended annual action plan at any time during the financial year, if required, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect
- Ensure that the Company spends, in every financial year, at least 2% of the average net profits made during the three immediately preceding financial years,

- in pursuance, of its CSR Policy.
- Ensure that the Company, treats the CSR Spends i.e. CSR surplus, excess expenditure and unspent CSR funds as per the modalities prescribed in the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.
  - Specify in its Report the reasons for not spending the amount if the Company fails to spend such amount.
  - Disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on the Company’s website, if any, for public access.

## V. COMPOSITION OF CSR COMMITTEE

Name	Designation in the Committee	Nature of Directorship
Mr. Sunil Shah	Chairman	Independent Director & Chairman
Mr. B. Mahapatra	Member	Independent Director
Mr. V.S. Rangan	Member	Non- Executive Director
Mrs. Madhumita Ganguli	Member	Non- Executive Director

## VI. ROLE OF CSR COMMITTEE

The Board of Directors of the Company has constituted a Corporate Social Responsibility (CSR) Committee of Directors. The CSR Committee will play the following role in fulfilling the Company's CSR objectives:

- Formulation and review of this CSR Policy indicating the activities to be undertaken by the Company towards CSR initiatives;
- Formulation and recommendation of an annual action plan consisting of the CSR objective for the year, the list of approved projects or programs to be undertaken within the purview of Schedule VII of the Companies Act, 2013 to the Board, manner of execution of such projects, modalities of fund utilization and implementation schedules, monitoring and reporting mechanism for the projects, and details of need and impact assessment, if any, for the projects to be undertaken.
- Review of implementation of the CSR programmes once in a year and issue necessary directions from time to time to ensure orderly and efficient execution of the CSR programmes in accordance with this policy.
- Annually report to the Board, the status of the CSR activities and contributions made by the Company.
- Any other requirements mandate under the Act and Rules issued there to

## **VII. PARTNERING ORGANISATION**

CSR initiatives will be implemented through implementing agencies (NGOs). The implementing agencies being considered for a partnership will need to comply with the following criteria:

- The NGO can be a company established by the Company either singly or along with any other company and can be a company established under Section 8 of the Companies Act, 2013 / Registered Public Trust / Registered Society with a registration under Section 12A and Section 80G of the Income Tax Act, 1961, or
- The NGO can be a company registered under Section 8 of the Companies Act, 2013 / Registered Public Trust / Registered Society with a registration under Section 12A and Section 80G of the Income Tax Act, 1961 and with an established track record of at least 3 years, or
- The NGO can be an entity established under the act of Parliament or State Legislature, or
- The NGO can be an entity established by the Central or State Government,
- The NGO / Agency will need to have a permanent office in India;

All implementing partners sufficing any of the above-mentioned conditions, will need to register themselves with the Central Government by filing e-form CSR-1 electronically and obtain a unique CSR Registration Number from the MCA.

The Company may also collaborate with other companies to undertake CSR Projects or Programmes, provided the CSR Committees of the respective companies are in a position to report separately on such projects or programmes.

## **VIII. CSR AMOUNT**

The Company shall ensure that it spends, in every financial year, at least 2% of its average net profits made during the 3 immediately preceding financial years, in pursuance of its corporate social responsibility and subject to Section 135 of the Companies Act, 2013 and the Rules made there under.

Average net profits mentioned hereinabove means, net profit before tax as per the books of accounts of the Company as computed under section 198 of the Act.

For the purpose of this Policy, the first CSR spending would be for financial year 2014-2015 and then average net profit shall mean average of the annual net profits of the three preceding financial years i.e. financial years 2011-2012, 2012-2013 and 2013-2014.

## **IX. FUNDING AND ALLOCATION**

For achieving the CSR objectives through implementation of meaningful and sustainable CSR Projects, the CSR Committee will allocate for its Annual CSR Budget, 2% of the average net profits of the Company made during the three immediately preceding financial years, calculated in accordance with the relevant Sections of the

Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.

The Company shall undertake impact assessment, through an independent agency, if its average CSR obligation is of rupees ten crore or more and for their CSR projects having outlays of rupees one crore or more, and which have been completed not less than one year before undertaking the impact study, as required by the law.

For an ongoing project, if any amount budgeted to be spent for the year remains unspent, then such an unspent amount will be allocated towards such ongoing project for spending in any of the three succeeding financial years and will be transferred to the Unspent Corporate Social Responsibility account opened with a scheduled bank by the Company within 30 days from the end of the financial year. For other projects, such amount will be transferred to a fund specified in Schedule VII within 6 months of the expiry of the financial year.

Any surplus arising out of the CSR Projects or Programs or activities shall not form part of the business profit of the Company and will be ploughed back into the project in the current Financial Year or be allocated for an ongoing project to be spent in any of the three succeeding financial years or will be transferred to a fund specified in Schedule VII.

Any excess expenditure i.e., beyond the prescribed CSR budget will be disclosed in the Board's CSR Report and shall be made available for set off against the CSR requirement to spend in any of the three succeeding financial years.

The Board of Directors will satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer will certify the same to that effect.

## **X. IMPLEMENTATION**

- The CSR Committee shall provide guidance on the allocation of the CSR budget among the specific areas on an annual basis and seek approval from the Board.
- The CSR Projects will be undertaken based on the annual action plan formulated and recommended by the CSR Committee and approved by the Board. The Board may alter the annual action plan at any time during the financial year, as per the recommendation of the CSR Committee based on reasonable justification to that effect.

## **XI. MONITORING**

- The implementing partners will report periodically the progress of the project activities, the utilization of funds disbursed and plans for sustainability of the project.
- The CSR Committee will monitor and review on a regular basis or as and when

required, the progress of CSR initiatives undertaken.

- The fund utilization made in projects as approved by the Board, will be certified by the Chief Financial Officer of the Company.
- Applicable projects, as required by the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, shall be subjected to an in depth impact study to assess the impact created through the project.
- In case of deviation in implementation as defined in the annual action plan, such changes will be approved by the CSR Committee and the Board of Directors of the Company.
- In order to ensure transparency and communication with all stakeholders,-the CSR Policy and the list of approved projects will be uploaded on the Company's website and made available in the public domain.

## **XII. DISSEMINATION OF INFORMATION**

The CSR Committee shall report to the Board of the Company, at least on an annual basis, the status of the CSR projects/ activities undertaken by the Company along with the report on the impact created by such projects/ activities.

The Company shall also upload this Policy on its website [www.credila.com](http://www.credila.com). Further, a detailed status report on the CSR activities carried out by the Company would be disclosed every year as a part of the Directors' Report in the Annual Report. The said information would also be uploaded on the website of the Company.

The CSR Committee will also make a Responsibility Statement in the Annual Report stating that the CSR policy implementation and monitoring thereof is, in letter and spirit, in compliance with its CSR objectives.