



Vridhi Finserv Home Finance Limited (the Company)

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

Version V3.0

Approving Authority	Board of Directors
Reviewing Authority	Compliance Department/ CSR Committee
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1. INTRODUCTION & BACKGROUND

Corporate Social Responsibility is not a new concept in India, however, the Ministry of Corporate Affairs, Government of India had notified the Section 135 of the Companies Act, 2013 along with the Companies (Corporate Social Responsibility Policy) Rules, 2014 hereinafter referred to as "CSR Rules" and other notifications related thereto which makes it mandatory (with effect from 1st April, 2014) for certain companies who fulfill the criteria as mentioned under Sub-Section (1) of Section 135 to comply with the provisions relevant to Corporate Social Responsibility. As mentioned by United Nations Industrial Development Organization (UNIDO), CSR is generally understood as being the way through which a Company achieves a balance of economic, environmental and social imperatives ("Triple Bottom-Line-Approach"), while at the same time addressing the expectations of shareholders and stakeholders.

▪ WHAT IS CSR?

The term "Corporate Social Responsibility (CSR)" can be referred as corporate initiative to assess and take responsibility for the Company's effects on the environment and impact on social welfare. The term generally applies to companies' efforts that go beyond what may be required by regulators or environmental protection groups.

Corporate social responsibility may also be referred to as "corporate citizenship" and can involve incurring short-term costs that do not provide an immediate financial benefit to the company, but instead promote positive social and environmental change.

▪ FOR WHOM IS IT APPLICABLE?

The Companies on whom the provisions of the CSR shall be applicable are contained in Sub-Section (1) of Section 135 of the Companies Act, 2013. As per the said Section, the companies having Net worth of Rs. 500 crore or more; or Turnover of Rs. 1000 crore or more; or Net Profit of Rs. 5 crore or more during the immediately preceding financial year shall be required to constitute a Corporate Social Responsibility Committee of the Board "hereinafter CSR Committee".

The provisions governing 'Corporate Social Responsibility' are ruled by the provisions of Section 135 of the Companies Act 2013 and CSR Rules.

▪ WHAT TO DO WHEN CSR IS APPLICABLE?

Once a Company is covered under the ambit of the CSR, it shall be required to comply with the provisions of the CSR. The companies covered under the Sub section 1 of Section 135 shall be required to do the following activities:

1. As provided under Section 135(1) itself, the Companies shall be required to Constitute Corporate Social Responsibility Committee of the Board (hereinafter referred to as 'CSR Committee'). The CSR Committee shall be comprised of minimum 3 Directors, out of which at least one Director shall be an Independent Director.
2. The Board's report shall disclose the composition of the CSR Committee.

3. All such Companies shall spend, 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 the Corporate Social Responsibility Policy. It has been clarified that the average net profits shall be calculated in accordance with the provisions of Section 198 of the Companies Act, 2013. Also, proviso to the Rule provide 3(1) of the CSR Rules that the net worth, turnover or net profit of a foreign company of the Act shall be computed in accordance with balance sheet and profit and loss account of such company prepared in accordance with the provisions of clause (a) of sub-section (1) of section 381 and section 198 of the Companies Act, 2013.

2. OBJECTIVES OF THE POLICY

This Policy shall be read in line with Section 135 of the Companies Act 2013, Companies (Corporate Social Responsibility Policy) Rules, 2014 and such other rules, circulars, and notifications (collectively referred hereinafter as 'The Act') as may be applicable and as amended from time to time and will, inter-alia, provide for the following:

- Establishing a guideline for compliance with the provisions of Regulations to dedicate a percentage of Company's profits for social projects.
- Ensuring the implementation of CSR initiatives in letter and spirit through appropriate procedures and reporting
- Creating opportunities for employees to participate in socially responsible initiatives.

The Board of Directors (the "Board") of Vridhi Finserv Home Finance Limited (the "Company") has adopted the policy and procedures with regard to Corporate Social Responsibility. The Board may review and amend this policy from time to time subject to the recommendations of Corporate Social Responsibility Committee.

3. DEFINITIONS

(1) In this Policy, unless the context otherwise requires:

- a) "Act" means the Companies Act, 2013;
- b) "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.
- c) "Corporate Social Responsibility (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 these 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;
 - 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;
- d) "CSR Committee" means the 'Corporate Social Responsibility Committee' of the Board referred to in Section 135 of the Act.
- e) "CSR Policy" relates to the activities to be undertaken by the company as specified in Schedule VII to the Act and the expenditure thereon, excluding activities undertaken in pursuance of normal course of business of a company.
- f) "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;
 - (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;*
- g) "Ongoing Project" means a multi-year project undertaken by a Company in fulfillment 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.

As per definition, Ongoing project = Project already commenced + multi-year project whose duration is not less than one year but not exceeding 3 years.

- (2) Words and expressions used and not defined in these rules but defined in the Act shall have the same meanings respectively assigned to them in the Act.

▪ REPORTING FOR CSR

Rule 8 of the CSR Rules provides that the companies, upon which the CSR Rules are applicable shall be required to incorporate in its Board's report an annual report on CSR containing the following particulars:

- A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs;
- The composition of the CSR Committee, if any;
- Average net profit of the Company for last three financial years;
- Prescribed CSR Expenditure (2% of the amount of the net profit for the last 3 financial years);
- Details of CSR Spent during the financial year (both ongoing project and other than ongoing project);
- Details of Unspent CSR amount for the preceding three financial years;
- Details of Capital assets, if any created.
- In case the Company has failed to spend the 2% of the average net profit of the last three financial years, reasons thereof;

4. CSR COMMITTEE:

As provided under Section 135(1) itself, the Companies shall be required to Constitute Corporate Social Responsibility Committee of the Board (hereinafter referred to as 'CSR Committee'). The CSR Committee shall be comprised of minimum 3 Directors out of which at least one Director shall be an Independent Director.

The CSR Committee shall meet as and when required during the financial year to carry out activities in accordance with the role of the Committee. The quorum shall be one third of total strength or two directors, whichever is higher.

▪ ROLE OF CSR COMMITTEE

The CSR Committee constituted in pursuance of Section 135 of the Companies Act, 2013 shall be required to carry out the following activities:

- To formulate and recommend to the Board the CSR Policy which shall indicate the activities to be undertaken by the Company in areas or subject, specified in Schedule VII of the Companies Act, 2013;
- To formulate and recommend to the Board, Annual Action Plan and any modifications thereof comprising of following information:
 - a) the list of CSR Programs 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 programs;
 - c) the modalities of utilisation of funds and implementation schedules for the projects or programs;
 - 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;
- To recommend to the Board the annual CSR budget and the amount of expenditure to be incurred on CSR activities, including the amount, if any, required to be transferred in respect of ongoing projects and unspent CSR amounts, in accordance with applicable law;

- To monitor the implementation, and review the performance and effectiveness of the CSR Policy and activities;
- To review and recommend to the Board, the Annual Report on CSR activities to be included in Board's Report and the certificate submitted by the Chief Financial Officer;
- To review and recommend to the Board, the impact assessment report obtained by the Company from time to time, wherever applicable; and
- To perform such other functions or responsibilities and exercise such other powers as may be conferred upon the CSR Committee in terms of the provisions of Section 135 of the Companies Act, 2013 and the rules framed thereunder.

5. CSR ACTIVITIES

The Policy recognizes that corporate social responsibility is not merely compliance; it is a commitment to support initiatives that measurably improve the lives of underprivileged by one or more of the following focus areas as notified under Section 135 of the Companies Act 2013 and CSR Rules:

- i. Eradicating hunger, poverty & malnutrition, promoting preventive health care & sanitation & making available safe drinking water;
- ii. Promoting education, including special education & employment enhancing vocation skills especially among children, women, elderly & the differently abled & livelihood enhancement projects;
- iii. Promoting gender equality, empowering women, setting up homes & hostels for women & orphans, setting up old age homes, day care centers & such other facilities for senior citizens & measures for reducing inequalities faced by socially & economically backward groups;
- iv. Ensuring environmental sustainability, ecological balance, protection of flora & fauna, animal welfare, agro forestry, conservation of natural resources & maintaining quality of soil, air & water including contribution to the Clean Ganga Fund setup by the Central Government for rejuvenation of river Ganga;
- v. Protection of national heritage, art & culture including restoration of buildings & sites of historical importance & works of art; setting up public libraries; promotion & development of traditional arts & handicrafts;
- vi. Measures for the benefit of armed forces veterans, war widows & their dependents;
- vii. Training to promote rural sports, nationally recognized sports, sports & Olympic sports;
- viii. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development & relief & welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities & women;
- ix. Contributions or funds provided to technology incubators located within academic institutions, which are approved by the Central Government;
- x. Rural development projects.
- xi. Slum area development.

[Explanation: For the purposes of this item, the term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other

competent authority under any law for the time being in force."]

- xii. disaster management, including relief, rehabilitation and reconstruction activities.

All activities under the CSR activities should be environment friendly and socially acceptable to the local people and Society.

6. SCOPE & GEOGRAPHIC REACH

The Act provides 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. The Company shall therefore give preference to undertaking CSR activities in the local areas where the offices of the Company are located and where the Company has or will have its operations. However, the Committee may identify such areas other than stated above, as it may deem fit, and recommend it to the Board for undertaking CSR activities.

7. ANNUAL SPENDS/ALLOCATION OF FUNDS

- i. The Company would spend not less than 2% of the average Net Profits of the Company made during the three immediately preceding financial years. The surplus arising out of the CSR activity will not be part of business profits of the Company and would be ploughed back into the same project or transferred to Unspent CSR Account or used for another CSR Project. The Corpus would thus include the 2% of average net profits, as aforesaid, any income arising there from and surplus arising out of CSR activities.
- ii. The Company may build CSR capacities of its personnel and/or those of its implementing agencies through Institutions with established track records of at least three financial years but such expenditure shall not exceed five percent of total CSR expenditure of the Company in one financial year.
- iii. However, if the Company ceases to be covered under sub-section (1) of Section 135 of the Act for three financial years, then it shall not be required to, comply with the provisions laid down under sub-section (2) to (5) of the said section, till such time it meets the criteria specified in sub-section (1) of the Act.
- iv. Any amount remaining unspent, pursuant to any ongoing project, upon fulfilment of such conditions as may be prescribed under the Companies Act, 2013, shall be transferred by the company within a period of thirty days from the end of the financial year to a special account to be opened by the Company for such unspent amount 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 Corporate Social Responsibility 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.
- v. Where a company spends an amount in excess of requirement provided under sub-section of section 135, such excess amount may be set off against the requirement to spend under sub-section (5) of section 135 up to immediate succeeding three financial years subject to the conditions that:

1. The excess amount available for set off shall not include the surplus arising out of the CSR activities;
2. The Board shall pass a resolution to that effect.

8. ADMINISTRATION OF CSR PROJECTS

The Company can meet its CSR obligations by funneling its activities on its own or through a third party, such as a society, trust, foundation or Section 8 company (i.e., a company with charitable purposes) that has an established record of at least three years in CSR-like activities. The Company may also collaborate and pool their resources, which could be especially useful for small and medium-sized enterprises. Managing Director will have the power to sanction any project for CSR with the approval of the Board.

9. IMPLEMENTATION

- a) The investment in CSR should be project based and for every project time framed periodic milestones should be finalized at the outset.
- b) Project activities identified under CSR are to be implemented by Specialized Agencies and generally NOT by staff of the organization. Specialized Agencies could be made to work singly or in tandem with other agencies.
- c) Such specialized agencies would include:
 - i. Community based organization whether formal or informal.
 - ii. Elected local bodies such as Panchayats
 - iii. Voluntary Agencies (NGOs)
 - iv. Institutes/Academic Organizations
 - v. Trusts, Mission etc.
 - vi. Self-help groups
 - vii. Government, Semi Government and autonomous Organizations.
 - viii. Standing Conference of Public Enterprises (SCOPE)
 - ix. Mahila Mandals/Samitis and the like Contracted agencies for civil works Professional Consultancy Organization etc.

10. FUNDING

As per the Act, the company will set aside, for annual CSR activities, an amount equal to 2% of the average net profits of the Company made during the three immediately preceding financial years. All reasonable efforts will be made to ensure that the annual CSR allocation is fully utilized in the respective year. However, if the Company fails to spend such amount, the Board of Directors shall, in its report under clause (o) of sub-section(3) of section 134 of the Act, shall specify the reasons for not spending the amount and, unless the unspent amount relates to any ongoing project referred to in sub-section (6), transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

11. BUDGET

- i. The Board of Directors shall ensure that in each financial year the Company spends at least 2% of the average Net Profit made during the three immediate preceding financial years.
- ii. As per section 135 of the Companies Act, the Company will report reasons for under

spending of the allocated CSR budget of the current financial year in the template provided by the Ministry of Corporate Affairs. This reporting will be done in the Annual Report and signed off by the Board of Directors.

- iii. In case of any surplus arising out of CSR projects the same shall not form part of business profits of the Company.
- iv. The Company may collaborate or pool resources with other companies to undertake CSR activities, through any non-profit organization, if required.

12. DISPLAY OF CSR ACTIVITIES ON THE WEBSITE

The Composition of CSR Committee, CSR Policy and projects approved by the Board shall be displayed on the website of the Company.

13. AMENDMENTS/REVIEW OF THE POLICY

The Board of Directors can amend its Policy as and when deemed fit. Any or all provisions of CSR Policy would be subjected to revision/amendment in accordance with the regulations on the subject as may be issued from relevant statutory authorities, from time to time.

14. CHANGE TRACK RECORD

Version No.	Change Request by	Memorandum of Change	Approval date
1.0	Compliance Department	-	5 th February 2025
2.0	Compliance Department	-	9 th March 2026
3.0	Compliance Department	-	06 th August 2026