Corporate Social Responsibility Policy



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Credila Financial Services Limited ("Company")
(Formerly known as HDFC Credila Financial Services Limited)

Corporate Social Responsibility Policy

Reviewing & Approving Authority

Authority	Authority Designation
Prepared By	CSR and Secretarial Team
Reviewed By	Ms. Natasha Raj – Head HR and CSR Ms. Karishma Jhaveri - Company Secretary & Compliance Officer
Recommended By	CSR & Sustainability Committee of the Board
Approved By	The Board of Directors
Date of Approval	May 07, 2026

Version History

Version	Issue Date	Brief Description
V.1	Approved by the Board on October 18, 2014, and effective from April 1, 2014	Adoption
V.2	January 16, 2017	Amended in accordance with MCA notification dated October 24, 2014
V.3	July 20, 2020	Amended to include all the activities mentioned under the Schedule VII of the Companies Act 2013.
V.4	July 26, 2021	Amended to include modification in accordance with CSR rules issued by the Ministry of Corporate Affairs
V.5	May 16, 2025	Annual Review of the Policy
V.6	May 6, 2026	Biennial Review of the Policy

Review Frequency:

This Policy as approved shall be reviewed once in two years and any changes deemed necessary shall be made with the approval of the Board of Directors. In case of any inconsistency between the provisions of the law and this Policy, the provisions of the law shall prevail, and the Company shall abide by the applicable law. Further, in case there are any amendments in the applicable laws, guidelines, circulars ('Regulations') the Policy shall stand amended to align with the applicable amended Regulations

INDEX

Sr. No.	Topic
I	Background
II	Definitions
III	Applicability
IV	Permissible CSR Activities
V	Governance Structure
VI	Composition of CSR Committee
VII	Partnering Organisation
VIII	CSR Expenditure
IX	Implementation
X	Monitoring
XI	Dissemination of Information
XII	Review of Policy

I. BACKGROUND

Corporate Social Responsibility is 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 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 continuously 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.

Credila Financial Services Limited *(formerly known as HDFC Credila Financial Services Limited)* (the "**Company**") has formulated and adopted this Corporate Social Responsibility Policy ("**Policy**") in terms of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 (CSR Rules) (together referred to as 'the **Act'**) (as amended from time to time), as notified by the Ministry of Corporate Affairs, Government of India. The Act mandates every company having net worth of INR 500 Crores or more or turnover of INR 1,000 Crore or more or a net profit of INR 5 Crores or more during the immediately preceding financial year shall spend, in every financial year, at least 2% of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy. The Company shall carry out CSR function as per the Act.

Accordingly, based on the recommendation of the CSR & Sustainability 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.

II. DEFINITIONS

- **Company** means Credila Financial Services Limited *(formerly known as HDFC 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.
- **Committee** means the Corporate Social Responsibility & Sustainability 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 underand 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. APPLICABILITY

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

IV. PERMISSIBLE CSR ACTIVITIES

- 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.

V. GOVERNANCE STRUCTURE

The governance structure for the CSR & Sustainability Committee will be as follows –

A. Roles and responsibilities of the Board of Directors:

- Based on the recommendation of the Committee approve/review the Policy of the Company from time to time.
- 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 this Policy.
- Based on the recommendation of Committee approve/modify the annual action plan formulated and presented by the Committee for spending of the prescribed CSR budget.
- To satisfy itself that the funds so disbursed have been utilized for the purposes and in the manner in accordance with annual action plan as approved by the Board.
- 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 Act.
- Specify in its Annual report the reasons for not spending the amount if the Company fails to spend such amount.
- Disclose the composition of the Committee, and Policy and CSR Projects approved by the Board on the Company's website, if any, for public access.

B. **Roles and responsibilities of the Committee**

- Recommend to the Board the following –
    - revision in this Policy indicating the activities to be undertakenby the Company towards CSR initiatives.
    - Formulation/modification to the annual action plan consisting of the CSR objective(s) for the year.
    - the CSR contribution including the expenses to be incurred on various CSR Project(s)

- Identify programmes, suitable partners for implementation;
- Constitute transparent monitoring and evaluation mechanism for ensuring implementation of CSR programs
- Annually report to the Board, the status of the CSR activities and contributions made by the Company.
- Any other requirements mandate under the Act issued there to and as delegated by the Board of Directors from time to time.

C. Role of Chief Financial Officer

The Chief Financial Officer or in his absence the person responsible for the managing the financials of the Company, shall certify that the funds so disbursed for CSR activities have been utilized for the purposes and in the manner as approved by the Board.

VI. COMPOSITION OF COMMITTEE

The Committee shall comprise of at least three Directors as may be appointed by the Board from time to time of which one shall be an Independent Director.

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 theCompanies Act, 2013 / Registered Public Trust / Registered Society with a registration under Section12A 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 EXPENDITURE

- 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 Act.
  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 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 of the Act.

- The administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.

- Where a company spends an amount in excess of requirement provided under Section 135(5) of the Act, such excess amount may be set off against the requirement to spend under Section 135(5) of the Act up to immediate succeeding three financial years subject to the conditions that -
  - the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any, in pursuance of the Act; and
  - the Board shall pass a resolution to that effect.

- The CSR amount may be spent by a company for creation or acquisition of a capital asset, which shall be held by –

- A company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number as per the provisions of the Act; or
- beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
- a public authority:

- If for some reason the amount equivalent to at least 2% of its average net profits made during the three immediately preceding financial years is not utilized or spent within the fiscal year, such unutilised funds would be automatically carried forward for utilization in the succeeding year(s) for CSR activities and will not form part of the business profits of the Company.

- If the Company is unable to spend its CSR budget in a financial year, then it will disclose the reason in the annual/CSR report.

- 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.

IX. IMPLEMENTATION

- The CSR team shall identify the CSR Projects/programmes to be undertaken by the Company and present before the Committee for recommendation to the Board.
- The Committee shall evaluate each programs/projects based on the due diligence, background checks and such other information as presented for consideration. The Committee may perform any additional checks/due diligence, if required;
- The mode of implementation of CSR projects may include engaging with partnering organisations or through collaboration with other entities, implementing agencies, or though trusts, social partners, or a Section 8 companies registered under the Act.
- The Company may undertake CSR activities through external agencies, NGOs having the requisite track record of 3 years in the relevant project/ programme
- The Company may use the service of external agencies, consultants, advisors, if required for carrying out specialised services such as employee engagement, impact assessment etc.

X. MONITORING

- The CSR team shall ensure to perform periodic assessment with assistance from the implementing partners with respect to the progress of the CSR project , the utilization of funds disbursed and plans for sustainability of the project.
- The Committee will monitor and review on a regular basis or as and when required, the

progress of CSR initiatives undertaken.

- Applicable projects, as required by the Act, 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 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.

XI. DISSEMINATION OF INFORMATION

The 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, the Committee composition and annual action plan on its website viz., 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.

XII. REVIEW OF POLICY

This Policy as approved shall be reviewed once in two years and any changes deemed necessary shall be made with the approval of the Board of Directors. In case of any inconsistency between the provisions of the law and this Policy, the provisions of the law shall prevail, and the Company shall abide by the applicable law. Further, in case there are any amendments in the applicable laws, guidelines, circulars ('Regulations') the Policy shall stand amended to align with the applicable amended Regulations

Credila
The Education Loan Specialist

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