

DSP FINANCE PRIVATE LIMITED

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

Version	Description	Prepared By	Approved By
1.0	Policy Formation	Priya Ranjit	Board of Directors on April 29, 2024
1.1	Annual Review	Sahib Pahwa	Board of Directors on June 27, 2025
1.2	Annual Review	Amrita Maji	Board of Directors on June 1, 2026

1. Background

Corporate Social Responsibility (CSR) has been formalized as a statutory obligation under the Companies Act, 2013. The Act requires companies that meet certain financial thresholds in the immediately preceding financial year — namely,

- (i) net worth of ₹500 crore or more, or
- (ii) turnover of ₹1,000 crore or more, or
- (iii) net profit of ₹5 crore or more — to contribute towards CSR initiatives.

Such companies are required to spend **at least 2% of the average net profits made during the three immediately preceding financial years** on activities specified under Schedule VII of the Act. In cases where the company is unable to spend the required amount, it must disclose the reasons for not doing so in its Board's Report.

This provision aims to ensure that companies contribute to the broader social and economic development goals of the country by integrating responsible business practices into their operations.

2. Policy Statement and Applicability

DSP Finance Private Limited ("the Company" or "DSP Fin") is committed to conducting its business in a responsible, transparent, and ethical manner, while also contributing meaningfully to the social and economic development of the communities it engages with.

The Company recognizes that Corporate Social Responsibility (CSR) is not merely a statutory obligation, but an opportunity to integrate social impact into its core values and long-term business strategy. In line with this commitment, DSP Fin undertakes CSR activities in accordance with the applicable provisions of the Companies Act, 2013, the Companies (Corporate Social Responsibility Policy) Rules, 2014 (as amended), and other relevant notifications, circulars, and Secretarial Standards. In the event of any conflict between this Policy and applicable laws, the provisions of the law shall prevail.

All CSR initiatives of the Company shall be designed and implemented to create measurable and sustainable value for society while upholding the principles of fairness, accountability, and inclusiveness.

3. CSR focus areas

To create a meaningful and measurable social impact, DSP Finance Private Limited ("the Company") will primarily focus its CSR efforts on a set of identified priority areas during normal operating conditions. These focus areas are aligned with the objectives outlined under Schedule VII of the Companies Act, 2013, and are selected based on their relevance, potential for long-term impact, and alignment with the Company's values.

- Core Focus Areas (up to 95% of the CSR Budget):

The Company shall allocate up to 95% of its annual CSR budget towards projects and initiatives falling under the following four key thematic areas:

a. Education:

Special emphasis will be given to promoting primary education for underprivileged children, including access to basic infrastructure, learning tools, teacher training, and holistic development programs.

b. Wildlife and Environment: Initiatives will focus on restoring ecological balance, conserving biodiversity, protecting flora and fauna, and supporting institutions engaged in wildlife conservation through training, capacity building, and awareness programs.

c. Adolescents and Women Empowerment: Programs will be undertaken to promote gender equality and empower women and adolescents through health and hygiene awareness, education, skill development, financial literacy, and vocational training, enabling them to make informed and empowered life choices.

d. Health and Mental Wellness: Projects under this focus area will aim to improve physical and mental health outcomes, and may include support for diagnostics, counselling, interventions, medication, awareness campaigns, and capacity-building in health infrastructure.

- **Other CSR Activities (up to 10% of the CSR Budget):**

In addition to the above core areas, the Company may undertake other CSR projects as prescribed under Schedule VII of the Companies Act, 2013. However, allocation of funds towards such additional activities shall not exceed 10% of the overall annual CSR budget, unless otherwise approved by the Board based on CSR Committee recommendations.

- **Administrative Overheads (up to 5%):**

The Company shall not spend more than 5% of total CSR expenditure of the company for the financial year, in accordance with applicable regulatory provisions.

- **Response to Emergencies and Exceptional Events:**

In the event of natural calamities, pandemics, or other extraordinary situations, the Company, with the approval of the Board, may reallocate a significant portion of the CSR budget to address urgent and emergent community needs arising from such events. This may result in temporary deviation from the standard allocations defined under the core focus areas.

- **Geographical Scope and Flexibility:**

All CSR initiatives shall be undertaken within India, with priority given to areas where the Company operates or where the need is identified to be most acute. The thresholds, budget allocations, and focus areas may be modified from time to time, based on evolving priorities and with the approval of the Board of Directors, based on recommendations of the CSR Committee.

4. **CSR Committee**

In accordance with the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 (as amended), the Board of Directors of DSP Finance Private Limited ("the Company" or "DSP Fin") has constituted a Corporate Social Responsibility Committee ("CSR Committee") to provide strategic direction, oversight, and governance to the Company's CSR initiatives.

The CSR Committee shall be responsible for formulating, recommending, and monitoring the implementation of the Company's CSR Policy and programs. The key roles and responsibilities of the CSR Committee include:

- **Formulation and Development of Policy:** Formulate and recommend to the Board a comprehensive CSR Policy, including guiding principles for selection, implementation, and monitoring of CSR projects and programs, in alignment with the applicable legal and regulatory framework.
- **Annual Action Plan:** Prepare and recommend to the Board an **annual action plan** outlining the list of CSR projects or programs to be undertaken in a given financial year. The action plan shall include details such as modalities of execution, implementation schedules, monitoring mechanisms, and expected impact assessments
- **Budget and Activity Recommendations:** Recommend to the Board the CSR activities or programs to be undertaken by the Company during the financial year and the proposed allocation of funds for each activity, in accordance with the overall CSR budget.
- **Implementation and Monitoring Framework:** Establish a robust framework for the effective execution, monitoring, and evaluation of CSR activities. This includes defining timelines, deliverables, performance indicators, and risk mitigation measures to ensure that the intended outcomes are achieved in a transparent and accountable manner.
- **Capacity Building:** Recommend to the Board the contribution of up to **5% of the total CSR expenditure** in a financial year towards **capacity building** of personnel engaged in CSR functions at DSP Fin. This may include training, skill development, exposure visits, and other learning interventions to enhance the effectiveness of CSR implementation.
- **Review and Reporting:** Periodically review the progress of CSR activities against the approved plans and budgets, and submit status reports and recommendations to the Board. The Committee shall also assist in ensuring proper disclosure of CSR activities in the Annual Report and in compliance with statutory requirements.

The CSR Committee shall meet at such intervals as may be necessary to discharge its responsibilities effectively and shall maintain proper minutes of its meetings. The Committee shall also perform such other functions as may be delegated by the Board or prescribed under the applicable laws from time to time.

5. Annual Action Plan

The Company shall implement its Corporate Social Responsibility initiatives through a structured and well-defined **Annual Action Plan**, which shall be prepared and recommended by the CSR Committee and placed before the Board of Directors for approval. The Annual Action Plan shall serve as the operational blueprint for the Company's CSR activities during a financial year and shall outline the following components in detail:

- **Project Proposals:** Detailed descriptions of the CSR projects or programs proposed to be undertaken, including the objectives, scope, and intended outcomes.
- **Targeted Beneficiaries and Key Needs:** Identification of the target communities or beneficiaries, along with an assessment of their primary social, economic, educational, health-related, or environmental needs that the proposed projects seek to address.
- **Alignment with Schedule VII:** A confirmation that each proposed activity falls within the scope of the activities listed in **Schedule VII** of the Companies Act, 2013, thereby ensuring compliance with statutory requirements.
- **Project Goals and Milestones:** Clearly defined project goals, deliverables, key performance indicators (KPIs), and measurable milestones to enable effective tracking of progress and impact.
- **Activities and Timelines:** A detailed breakdown of specific activities under each project, along with implementation timelines and expected completion or closure dates.
- **CSR Budget with Projections:** Estimated cost of each project or program, along with year-wise or phase-wise budget allocations. The budget shall include provisions for direct implementation costs, partner contributions (if any), and administrative overheads.
- **Monitoring Mechanism:** The structure and process for ongoing monitoring of project execution, including roles and responsibilities, frequency of site visits or evaluations, documentation standards, and key checkpoints.
- **Progress Reporting and Frequency of Reports:** Defined timelines and formats for progress reporting, both at the operational level and for review by the CSR Committee and the Board. The plan may also specify the frequency of updates, dashboards, or consolidated reports.
- **Risks and Mitigation Strategies:** An outline of key project risks or external dependencies that may affect implementation or impact, along with proposed mitigation strategies to address them proactively.
- **Any Other Relevant Information:** Any additional details, disclosures, or context that may be required by the CSR Committee or the Board to facilitate informed decision-making or compliance with evolving regulatory expectations.

The Annual Action Plan shall serve as a dynamic document and may be amended during the financial year based on emerging priorities, urgent social needs, or any directions issued by the CSR Committee or the Board of Directors.

6. CSR Implementation

The effective implementation of CSR activities at DSP Finance Private Limited ("the Company") shall be governed by a structured framework to ensure that the intended social impact is achieved in a transparent, accountable, and efficient manner. The following modalities shall apply to the execution of the Company's CSR programs:

- **Implementation Responsibility:** The day-to-day execution and oversight of CSR activities shall be coordinated under the guidance of the **CSR Committee**, which will ensure alignment with the approved Annual CSR Plan, applicable regulations, and the objectives of the Company's CSR Policy.
- **Modes of Execution:** CSR initiatives shall primarily be implemented through partnerships and collaborations with credible **non-profit and voluntary organizations (NGOs)** having proven expertise and experience in the thematic focus areas identified in **Section 3 (Focus Areas)** of this Policy. The Company may also support non-profit organizations that act as **catalysts** within the identified themes by facilitating collaboration between social entrepreneurs, philanthropic donors, and implementation partners. Such support may include enabling knowledge

sharing, funding aggregation, convening platforms for issue-based dialogue, and strengthening ecosystem capacities through training, research, and advisory support. All implementing agencies must have a minimum **three-year track record** in undertaking similar activities, as required under the Companies (CSR Policy) Rules, 2014 and must be registered with the Ministry of Corporate Affairs (MCA) by filing **Form CSR-1**.

- **Modes of Support:** The Company may engage in diverse forms of support based on the nature of the project and its implementation requirements. These may include:
 - **Financial assistance:** Direct monetary donations, grants, or project-specific funding to eligible organizations.
 - **Capacity-building sponsorships:** Support for workshops, training programs, and knowledge-sharing platforms that help NGOs enhance operational capacity, governance, and impact.
 - **In-kind contributions:** Donation of goods, materials, infrastructure, or services that are relevant to the CSR initiative.
 - **Employee volunteering:** Encouraging employees to contribute their time, skills, and mentorship towards community service and CSR-aligned initiatives.
 - **Matching Donation Program:** Encouraging employee giving by matching eligible donations made by employees to recognized charities and social causes.
- **Advisory and Support Services-** The Company may engage specialized **social sector advisory firms or consultants** to support research on key social issues, assess the credibility and effectiveness of potential implementing partners, assist in program design, and independently monitor ongoing CSR projects to ensure accountability and transparency.
- **Employee Involvement-** Recognizing that employee engagement enhances the spirit of corporate citizenship, the Company will actively encourage employees to participate in CSR activities. This may include:
 - Facilitating volunteering opportunities with partner NGOs.
 - Accommodating reasonable requests for time off to support community initiatives.
 - Promoting internal campaigns or events aligned with CSR objectives.
 - Matching eligible charitable contributions by employees to encourage individual giving.
- **Activities Excluded from CSR Purview-** In accordance with the Companies Act, 2013 and the applicable CSR Rules, the following activities shall not qualify as permissible CSR expenditure and shall not be included as part of the Company's CSR programs:
 - Projects or activities that do not fall within the purview of **Schedule VII** of the Act.
 - Activities undertaken in the **normal course of business** of the Company.
 - Projects or programs that **benefit only the employees and their families**.
 - **Direct or indirect contributions** to any political party.
 - Sponsorship-based activities undertaken primarily for **marketing or brand promotion**.
 - Activities carried out **outside India**, except for training of Indian sportspersons representing the country or a State/Union Territory at national or international levels.
 - Any activity undertaken solely to fulfil **statutory obligations** under prevailing laws (e.g., compliance with labour laws, environmental clearances, land acquisition, etc.).

7. CSR Budget

At the beginning of each financial year, DSP Finance Private Limited ("the Company") shall allocate funds towards its Corporate Social Responsibility (CSR) initiatives in accordance with the provisions of Section 135 of the Companies Act, 2013 and the applicable rules framed thereunder:

- **Minimum Statutory Allocation:**

- The Board of Directors shall approve the CSR budget for the financial year, which shall be not less than 2% of the average net profits of the Company made during the three immediately preceding financial years, as calculated in accordance with Section 198 of the Companies Act, 2013. For this purpose, "average net profits" shall mean the net profits as per the financial statements prepared in accordance with the provisions of the Act, and shall exclude:
- Profits arising from any overseas branch or branches of the Company (irrespective of whether operated as a separate entity or otherwise), and
- Dividends received from other companies in India that are covered under and complying with the provisions of Section 135 of the Act.

- **Treatment of Surplus**

Any surplus or income arising out of the CSR activities or programs undertaken shall not form part of the business profits of the Company. Such surplus shall be:

- Ploughed back into the same project or activity, or
- Transferred to the Unspent CSR Account, to be utilized in accordance with the Company's CSR Policy and Annual Action Plan within the timelines specified, or
- Transferred to a Fund specified in Schedule VII of the Act, within six months from the end of the relevant financial year.

This ensures that the resources dedicated to CSR are fully and exclusively used for socially beneficial purposes.

- **Excess CSR Spending and Set-Off**

If the Company spends in excess of the minimum CSR obligation in any financial year, such excess may be set off against the CSR spending requirement of the immediate succeeding three financial years, provided that the following conditions are met:

- The excess amount does not include any surplus arising out of CSR activities.
- The Board of Directors has passed a specific resolution approving the set-off of the excess amount.
- Such set-off is made in compliance with Rule 7(3) of the Companies (CSR Policy) Rules, 2014 (as amended)

- **Employee Contributions**

The Company may also receive voluntary contributions from employees toward specific CSR initiatives. Such contributions may be pooled and utilised along with the CSR funds for ongoing or planned CSR activities, provided that these contributions do not replace or reduce the Company's own CSR obligations under the Act.

8. **Monitoring, Evaluation, and Reporting**

DSP Finance Private Limited ("the Company") is committed to ensuring that its Corporate Social Responsibility (CSR) initiatives are implemented effectively, with measurable impact, and in alignment with the objectives outlined in the approved CSR Policy and Annual Action Plan. To this end, a structured and transparent monitoring and evaluation (M&E) framework shall be followed:

- **Monitoring Mechanism**

- The **CSR Committee** shall oversee the implementation and progress of all CSR projects undertaken during the financial year.
- Monitoring shall include **regular reviews of project progress**, utilization of funds, adherence to approved timelines, and alignment with defined objectives and deliverables.
- Implementing agencies shall be required to submit **periodic progress reports**, including financial and operational updates, photographs, and impact indicators.
- The Company may engage **third-party agencies or sector experts** to independently evaluate large or strategic CSR projects to ensure objectivity and transparency.

- **Site Visits and Reviews**

- Where appropriate, representatives of the Company or the CSR Committee may undertake **site visits** to review ongoing activities, interact with beneficiaries, and validate reported outcomes.
- Feedback from site visits and review meetings shall be documented and used to guide mid-course corrections and strengthen project governance.

- **Documentation and Record-Keeping**

- The Company shall maintain detailed documentation of all CSR initiatives, including proposals, MoUs/agreements with implementing partners, fund utilization certificates, impact reports, and monitoring records.
- Records shall be retained in a manner compliant with applicable regulatory requirements and best practices in corporate governance.

- **Impact Assessment**

- In line with Rule 8(3)(a) of the Companies (CSR Policy) Rules, 2014 (as amended), the Company shall **undertake impact assessments** through independent agencies in respect of CSR projects with outlays of ₹1 crore or more, and which have been completed not less than one year before the impact assessment is initiated.
- The findings from such assessments shall be placed before the CSR Committee and the Board, and shall be disclosed in the annual CSR report, as applicable.
- Costs incurred on impact assessments shall be charged to the CSR budget, subject to limits prescribed under the law (currently capped at 5% % of total CSR expenditure for that financial year or ₹50 lakh, whichever is lower).

- **Reporting and Disclosure**

- The Company shall make appropriate disclosures in its **Annual Report on CSR** as required under Section 134(3)(o) of the Companies Act, 2013 and Rule 8 of the Companies (CSR Policy) Rules, 2014.
- The following disclosures shall be made:
 - Composition of the CSR Committee
 - CSR Policy and Annual Action Plan
 - Details of CSR projects undertaken
 - Amounts spent, unspent, or transferred
 - Reasons for any shortfall in CSR spending
 - Impact assessment findings, where applicable
- The **CSR Policy**, details of approved projects, and composition of the CSR Committee shall also be disclosed on the Company's website, if applicable, in accordance with regulatory requirements.

9. Policy Review

The policy shall be reviewed on an annual basis, however any necessary changes due to regulatory or other statutory amendments shall be carried out and updated in the policy on an as and when basis.