CORPORATE SOCIAL RESPONSIBILITY (CSR) – POLICY DOCUMENT OF HEDGE FINANACE LIMITED

Hedge Finance Ltd. (the Company) is a public limited Company registered under the Indian Companies Act, 1956 and is an NBFC registered with RBI, since April 2012.The Registered Office of the Company is at Ernakulam, Kerala. The Company has 19 branches spread all over the State of Kerala. The Company has an Equity Capital of Rs. 40 Crore.

The Company's main line of business is lending to individuals for acquisition passenger cars, advancing loans to MSME traders, and also to corporates. The Company has raised funds to meet its business requirements by way of loan from Bank and also through issue of Listed Non-Convertible Debentures and also issue of Subordinate Debt.

1. CSR POLICY – OBJECTIVE, PROCESS AND STRUCTURE

This policy, which reflects the company's philosophy and mission is designed to portray its commitment to be a responsible, corporate citizen and presents the strategies and methods for undertaking social programs for the well-being and sustainable development of the local community in which it operates. This policy applies to all CSR initiatives and activities taken up at the various work centers and locations of HFL for the benefit of various segments of the society, with the emphasis on the underprivileged. This Policy is being made for the first time for FY 2024-2025, since the Company has crossed the threshold limits prescribed under Section 135 Companies Act 2013.

2. THE OBJECTIVE OF THE CSR POLICY:

• Build a framework of CSR activities with a philanthropic approach in line with business unit objectives, which also benefits the organization at large.

• Shape sustainability for the organization by engaging the Community.

• Build a corporate brand through CSR

• For other stakeholders make it an integral part of the Company's DNA, so much so that it has to be an organic part of the business".

3. BUDGET AND FUND ALLOCATION

In order to achieve its CSR objectives through implementation of CSR programs by the HFL will allocate 2% of the average net profit of the previous 3 financial years to create its Annual CSR Budget. Consequently, HFL will also comply with the new law obliging mandatory CSR as described in section 135 of the Companies Act 2013.

4. IMPLEMENTATION

The CSR programs are majorly bound around

• Health, Education, Environment and Livelihood

• And any other activity as permitted under Schedule VII (Section 135) of the Companies Act 2013 as decided by the CSR Committee will be taken up.

The above described CSR activities will be implemented by HFL either directly or in collaboration with other non-profit organizations.

The implementation phase is based on the following steps:

1. Map existing eco system: thoroughly evaluating the existing scenario in which HFL operates. This step is crucial in order to assess the existing potential and find relevant partners to collaborate with.
2. Designing programs and selecting partners.
3. Enable by commencing collaboration with the selected actors, invest the resources needed to shift from the planning to the action phase.

The CSR Budget for each financial year is to be approved by the board at the beginning of each financial year.

5. CRITERION FOR IDENTIFYING EXECUTING ORGANIZATIONS

1. HFL will identify external, executing organizations that will implement the CSR programs. Each executing organization (NGOs/voluntary organizations) needs to fulfil the following requirements:

• Has been in existence for a minimum of 3 years from date of registration.

• Is registered under Trust/Society/Section 8 Company.

• Possesses a valid Income Tax Exemption Certificate.

• The antecedents of the NGO/Organization are verifiable/subject to confirmation.

• Has sufficient infrastructure facilities including office, e-mail id, necessary resources to imply the projects etc. and has prior experience in the relevant field, is located in the area of planned activities with local knowledge.

6. MONITORING AND FEEDBACK

In order to ensure effective implementation of the CSR programs, a monitoring mechanism will be put in place. The progress of the programs will be communicated and reported to the Board of HFL on periodic basis, quarterly/half yearly/ yearly

7. EVALUATION OF CSR PROPOSALS

Proposals fitting the objectives of HFL as detailed here will be evaluated by the CSR Committee consisting of MD, WTD and an Independent Director and the committee will approve disbursement.

8. REPORTING

The Annual Report of HFL shall inter alia briefly outline the following:

• A brief outline of the HFL'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.

• 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.

• In case the company has failed to spend the 2% of the average net profit of the last three financial years, reasons thereof.