LRSD SECURITIES PRIVATE LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY

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Entity Classification	Non-Banking Financial Company - Middle Layer
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Approved by	Board of Directors
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TABLE OF CONTENTS

PRELIMINARY

1. Policy Statement

1.1. This policy is issued by **LRSD Securities Private Limited** (hereinafter referred to as "**LRSD**" or the "**Company**").

1.2. The Company is committed to conducting its business operations in a socially responsible and ethical manner, while contributing positively to society. The Company believes that businesses have a crucial role in addressing social, environmental, and economic challenges, fostering sustainable and inclusive growth.

1.3. This Corporate Social Responsibility Policy (hereinafter referred to as "CSR Policy") has been formulated in strict compliance with Section 135 of the Companies Act, 2013, and the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended.

1.4. The Policy outlines the Company's approach to identifying, implementing, and monitoring CSR initiatives, ensuring that their activities are aligned with the legal requirements and contribute to national development priorities.

1.5. Corporate Social Responsibility Policy focuses on diverse areas such as education, healthcare, rural development, environmental sustainability, and the empowerment of marginalized communities. The Company's CSR efforts are not only driven by regulatory mandates but also by strong belief in creating long-term value for society.

1.6. The Company is committed to adhering to the guidelines set forth by the applicable laws and rules, ensuring transparency, accountability, and effectiveness in all CSR activities. The Company will integrate these initiatives into their broader business strategy, ensuring measurable and meaningful outcomes that benefit both society and stakeholders.

2. Purpose of the Policy

2.1. The objective of the CSR Policy is to provide a framework for the Company to effectively plan, execute, and monitor its CSR initiatives in compliance with Section 135 of the Companies Act, 2013, and the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended.

2.2. This policy aims to:

2.2.1. Establish guiding principles for the selection, implementation, and monitoring of CSR projects/activities that contribute to the social, environmental, and economic well-being of communities.

2.2.2. Outline the company's focus areas for CSR activities, ensuring alignment with the areas specified in Schedule VII of the Companies Act, 2013.

2.2.3. Ensure compliance with all applicable regulatory requirements while promoting sustainable development through meaningful social impact.

2.2.4. Foster active participation by employees, partners, and stakeholders in the Company's CSR initiatives.

2.2.5. Promote transparency and accountability in the allocation of resources and reporting of CSR activities, ensuring that the benefits of these initiatives reach the intended communities.

2.2.6. Monitoring process, modalities of execution, and implementation schedule of the CSR activities/projects of the Company.

2.3. This policy reflects the Company's commitment to integrating responsible and ethical business practices into its core operations while positively contributing to society.

3. Applicability of the Policy

3.1. This Policy shall apply to the Company so long as it is required to comply with Section 135 of the Companies Act, 2013 i.e. the Company has net worth of rupees 500 crore or more, or turnover of rupees one thousand crore or more, or a net profit of rupees five crore or more during the immediately preceding financial year.

3.2. The policy applies to all CSR initiatives/projects/activities undertaken by the Company in compliance with Section 135 of the Companies Act 2013 and the Companies (CSR) Rules 2014, as amended.

3.3. The policy is mandatory for the Company and applies to all CSR activities carried out either directly by the company or through its implementing agencies, partners, or other collaborations.

3.4. All employees, directors, and other stakeholders associated with CSR implementation are expected to adhere to the principles and guidelines outlined in this policy.

3.5. This policy is applicable to any CSR expenditure undertaken by the Company, ensuring that all activities fall within the purview of the areas defined in Schedule VII of the Companies Act, 2013.

4. Definitions and Interpretations

4.1. "**Administrative Overheads**": Expenses incurred for the general management and administration of CSR functions within the Company, excluding expenses directly incurred for designing, implementing, monitoring, or evaluating a specific CSR project or program.

4.2. "**Corporate Social Responsibility**": Refers to the business approach whereby companies contribute to society and the environment by integrating social concerns into their operations. Corporate Social Responsibility shall have the meaning assigned under Section 135 of the Companies Act, 2013 read with the CSR Rules. In accordance with the Companies Act, 2013, companies are mandated to contribute a minimum amount to CSR activities if they meet any of the criteria as prescribed in Section 135 of the Companies Act, 2013 and related Schedules and Rules.

4.3. "**Net Profit**": Refers to the net profit of the Company as reflected in its financial statements, prepared in accordance with the provisions of the Companies Act, 2013. It does not include:

4.3.1. Any dividends received from other companies in India that are covered under and complying with the provisions of Section 135 of the Companies Act, 2013.

4.3.2. Any profit generated by overseas branches, whether operated as a separate company or otherwise.

For foreign companies, "net profit" means the profit as per the profit and loss account prepared in accordance with Section 381(1)(a), read with Section 198 of the Companies Act, 2013.

4.4. "**Ongoing Project**": A multi-year CSR project undertaken by the Company in compliance with its CSR obligations, with a duration not exceeding three years, excluding the financial year of commencement. This also includes projects initially not approved as multi-year projects but extended beyond one year with Board approval based on reasonable justification.

4.5. "Interpretation": Any term not specifically defined herein shall carry the meaning as defined under the Companies Act, 2013, the rules framed under it, or any other applicable law or regulation.

CSR ACTIVITIES

5. Scope of CSR Activities/Projects

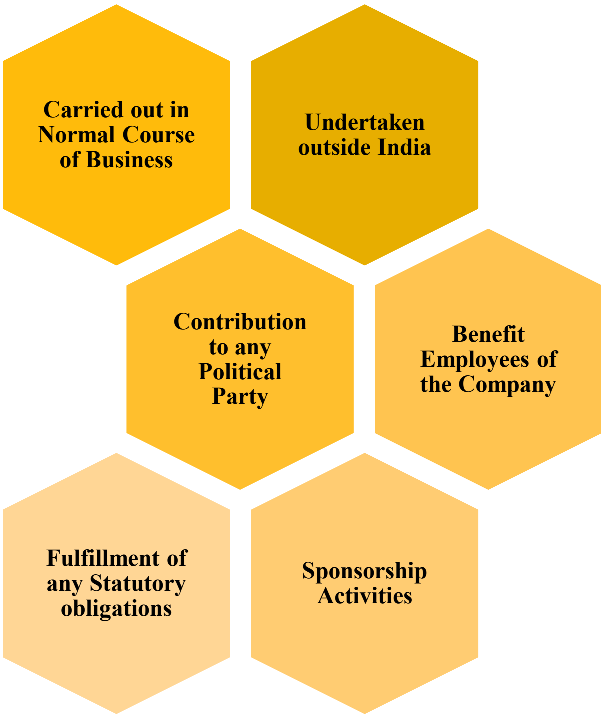
5.1. The CSR activities to be undertaken by the Company shall be those specified in Annexure-1 to this Policy and shall be aligned with the activities and sectors prescribed in Schedule-VII of the Companies Act, 2013, as amended from time to time.

5.2. The Company shall periodically review the sectors and activities outlined in Annexure - 1 to ensure their continued relevance and alignment with the Company's CSR objectives and approved CSR activities/projects.

5.3. The Board of Directors, upon the recommendation of the CSR Committee, shall have the authority to make additions, deletions, or clarifications to the prescribed sectors and activities based on emerging societal needs, regulatory changes, and stakeholder feedback.

5.4. The Company shall retain the flexibility to adapt its CSR initiatives to address changing circumstances and priorities, ensuring that its contributions effectively meet the needs of the communities it serves. This may include the introduction of new projects, or the cessation of existing initiatives as deemed appropriate by the Board of Directors in consultation with the CSR Committee.

6. Activities not covered within CSR



6.1. Activities carried out in the normal course of business of the Company.

6.2. Any activity undertaken outside India, except for training Indian sports personnel representing any State or Union Territory at the national level or India at the international level.

6.3. Contributions made directly or indirectly to any political party.

6.4. Activities that exclusively benefit employees of the Company.

6.5. Sponsorship activities undertaken for marketing benefits of the Company's products or services.

6.6. Activities carried out for the fulfilment of any statutory obligations under any law in force in India.

ROLE OF CSR COMMITTEE AND BOARD OF DIRECTORS

7. Role of CSR Committee

<table>
<tr><td>Constitution</td><td>The CSR Committee shall be constituted in accordance with Section 135 of the Companies Act, 2013 and applicable Rules.
<u>Exemption:</u>
❖ In pursuance to Section 135 (9) of the Company's Act 2013, if the amount spent by the Company does not exceed Rupees Fifty (50) Lakh, the requirement under sub-section (1) of Section 135 for constitution of the Corporate Social Responsibility Committee shall not be applicable and the functions of such Committee shall be discharged by the Board of Directors of the Company. If the Company ceases to be covered under Section 135 (1) of the Act, i.e., 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 immediately preceding financial year, it shall not be required to constitute CSR Committee.</td></tr>
<tr><td>Functions and Powers</td><td>To ensure the effective implementation of the Company's CSR objectives, the CSR Committee shall have the following functions and powers:
a) The Committee shall formulate and recommend the CSR Policy to the Board of Directors of the Company.
b) Recommend the projects/activities to be undertaken by the Company in line with Schedule VII of the Companies Act, 2013.
c) The Committee shall prepare and present an annual action plan to the Board, which shall include:
❖ The proposed expenditure to be incurred on the CSR activities.
❖ A list of approved CSR projects or programs to be undertaken within the specified areas outlined in Schedule VII of the Act.</td></tr>
</table>

	❖ The methodology for the execution/implementation of such projects or programs. ❖ Modalities for the utilization of funds and implementation timelines for the projects or programs. ❖ A monitoring and reporting mechanism for the CSR initiatives, including details of need and impact assessments for the projects undertaken.
Meetings	a) The CSR Committee shall convene meetings as required to discuss relevant matters and make necessary decisions. b) The members shall mutually agree on the time and location of these meetings. c) Members may participate in meetings in person or through video conferencing or other audio-visual means, in accordance with the provisions of the Companies Act, 2013, and the applicable rules.

8. Role of Board of Directors

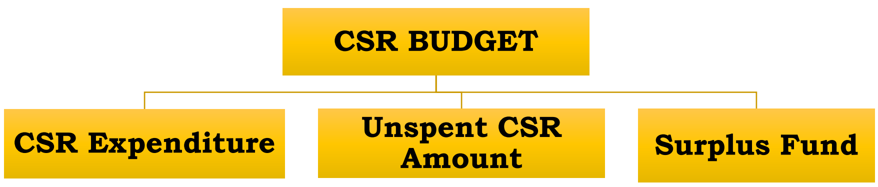
8.1. The Board of Directors shall review and approve the CSR Policy formulated and recommended by the CSR Committee.

8.2. The Board shall evaluate the annual action plan recommended by the CSR Committee, providing final approval for the proposed CSR initiatives and associated expenditures.

8.3. The Board is responsible for ensuring that the Company spends the CSR budget as mandated by the Companies Act, 2013.

BUDGET MANAGEMENT AND IMPLEMENTATION

9. CSR Budget



CSR Expenditure	❖ CSR Expenditure shall be approved by the Board on the recommendation of its CSR Committee. ❖ The Company spends in every FY at least 2% of the average net profits of the Company made during the three immediately preceding FY towards the activities specified in this Policy. ❖ Administrative overheads, if any, associated with the CSR projects shall not exceed five percent (5%) of the total CSR expenditure for the financial year. ❖ The Board of the Company shall satisfy itself that the disbursed funds have been utilised for the purposes and in the manner as approved by it. ❖ The "average net profit" for the purpose of determining the CSR budget shall be calculated in accordance with the provisions set forth in Section 198 of the Companies Act, 2013, ensuring transparency and compliance with applicable regulations. ❖ The CSR Committee shall periodically review the budget allocation to ensure its effective utilization, aligning with the Company's CSR objectives and the evolving needs of the communities it serves. ❖ The Board shall consider the recommendations of the CSR Committee regarding any adjustments to the budget based on the Company's financial performance and strategic priorities.
Unspent CSR	❖ In the event of any unspent amount to any ongoing project undertaken by the Company shall be transferred within thirty days from the end of FY to a special account opened in the Scheduled Bank to be called "Unspent Corporate Social Responsibility Account". Where any amount remains unspent at the end of a financial year and such unspent amount does not pertain to any ongoing project, the Company shall transfer such unspent amount to a Fund specified in Schedule VII of the Companies Act, 2013, within a period of six months from the expiry of the financial year, as required under the proviso to Section 135(5) of the Act. ❖ Such amount shall be spent within 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.

	❖ The Board of Directors of the Company shall report the reasons for any unspent CSR amount in the Annual Report for the relevant financial year.
Surplus Fund	❖ The surplus arising out of the CSR projects/programs/activities shall not form part of the business profit of the Company. ❖ The treatment of surplus shall be in such manner that the fund shall either be: • Re-invested into the same project from which it originated; or • Transferred to the Unspent CSR Account and utilized in accordance with the Company's CSR Policy and annual action plan; or • Transferred to a fund specified under Schedule VII of the Companies Act, 2013, within six (6) months from the end of the financial year. ❖ If the Company spends an amount in excess of its CSR obligations as prescribed under Section 135(5) of the Companies Act, 2013, such excess expenditure may be carried forward and set off against the CSR requirements for up to the next three (3) financial years, subject to the following conditions: • The excess amount available for set-off shall not include any surplus arising from CSR activities, in compliance with Rule 7(2) of the Companies (CSR) Rules, 2014. • A resolution by the Board of Directors of the Company shall be passed to approve the set-off of the excess amount.

10. Annual Action Plan

10.1. In accordance with Schedule VII of the Companies Act, 2013, and the CSR Rules, the Company shall carry out CSR activities as outlined in its Annual Action Plan.

10.2. The plan is recommended by the CSR Committee of the Company at the start of each financial year, may be updated or modified as needed throughout the year, with the approval of the CSR Committee.

10.3. The Annual Action Plan shall be presented to the Board for approval, based on the recommendation of the CSR Committee.

10.4. This plan will outline the following key aspects of the Company's CSR initiatives:

Detailed descriptions of the CSR projects to be undertaken	*Identification of key needs of the intended beneficiaries*
Confirmation that all activities are in compliance with Schedule VII of the Companies Act, 2013	*Specific objectives and expected outcomes, with timelines for achievement*
A comprehensive timeline for the implementation of each project, including projected closure dates	*Financial projections and budget allocations for each CSR activity*
Procedures for monitoring the progress of the CSR initiatives	*Frequency and format for reporting the progress of ongoing projects*
Identification of potential risks and strategies to mitigate them based on the nature of the project	*Any additional information required by the CSR Committee for effective execution and monitoring of the CSR activities*

10.5. Implementation of CSR Plan

10.5.1. The Company will execute its CSR projects under the scope of activities outlined in Schedule VII of the Companies Act, 2013, as amended from time to time. These activities are detailed in Annexure-1. The implementation of the Company's CSR projects will be carried out either:

10.5.1.1. Directly by the Company, or

10.5.1.2. Through External Implementing Agencies, in accordance with Rule 4 of the Companies (CSR) Rules, 2014. These agencies must meet the following criteria:

- ❖ The entity must be registered with the Central Government by filing the form CSR-1 electronically and possess a unique CSR Registration Number.
- ❖ The credibility and track record of the entity must be verified before engagement.

10.5.2. The Company may collaborate with other companies for joint CSR projects, ensuring that the CSR Committees of the respective companies can report separately on the projects as required by law.

10.5.3. The Company may engage international organizations to assist with designing, monitoring, and evaluating CSR projects, as well as for capacity-building initiatives for its personnel.

10.5.4. The Board shall ensure that the funds disbursed for CSR activities are utilized for the intended purposes.

MISCELLANEOUS

11. CSR Compliance

11.1. **Form CSR-1:** Form CSR-1 is filed by the implementing agency (entity) with the Central Government to obtain a unique CSR Registration Number, as required under Rule 4(2) of the Companies (Corporate Social Responsibility Policy) Rules, 2014. The Company shall, before engaging any implementing agency, verify that such entity holds a valid CSR Registration Number issued by the Central Government.

11.2. **Form CSR-2:** The Company shall file Form CSR-2 as prescribed under the Companies Act and applicable MCA notifications.

12. Monitoring and Reporting

12.1. The Company shall ensure robust monitoring and reporting mechanisms for the effective implementation of its CSR obligations in compliance with the approved CSR Policy and Annual Action Plan.

12.2. The CSR Committee is responsible for monitoring the CSR activities/projects of the Company and ensuring compliance with relevant policies/plans/procedures.

12.3. The CSR Committee, in pursuance of any discrepancy, shall inform the Board of Directors of the Company to ensure full CSR compliance.

12.4. The Board Report of the Company shall disclose the particulars, such as the composition of the CSR Committee, the contents of the CSR Policy, and if the Company does not spend the specified amount, the Board shall specify the reasons for not spending the amount in the Board Report of the Company. The Board's Report shall further include an annual report on CSR activities in the format specified in the

Annexure to the Companies (Corporate Social Responsibility Policy) Rules, 2014, as mandated under Rule 8(1) thereof. Where any CSR amount remains unspent, the Board Report shall also disclose details of transfer of such unspent amount to the Unspent Corporate Social Responsibility Account or to a Fund specified in Schedule VII, as applicable.

12.5. The Company shall, if having CSR obligation of ten crore or more in the three immediately preceding FY, undertake impact assessment of their CSR projects of 1 crore or more, through an independent agency. Such projects should have been completed at least 1 year before undertaking such impact assessment. The impact assessment reports shall be placed before the Board and be annexed to the annual report on CSR. The expenditure incurred on impact assessment that may be booked as CSR expenditure for that financial year shall not exceed two percent of the total CSR expenditure for that financial year or Rupees Fifty Lakh, whichever is higher.

13. Disclosure

13.1. The website of the Company shall disclose the following particulars with respect to CSR-related details:

13.1.1. CSR Policy

13.1.2. Composition of CSR Committee

13.1.3. List of Projects approved by the Board

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Annexure-1

Activities undertaken by the Company – "LRSD" as per Schedule VII of the Companies Act, 2013

The scope of the CSR activities of the Company will cover the following areas but is not limited to the same and may extend to other specific projects/ programs as permitted under the law from time to time:

CSR ACTIVITIES AS PER SCHEDULE VII
1. Eradicating poverty, hunger and malnutrition, promoting health care which includes sanitation and preventive health care, contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.
2. Improvement in education which includes special education and employment strengthening vocation skills among children, women, elderly and the differently-abled and livelihood enhancement projects.
3. Improving gender equality, setting up homes and hostels for women and orphans, empowering women, setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
4. Safeguarding environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining a quality of soil, air and water which also includes a contribution for rejuvenation of river Ganga.
5. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts.
6. Measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows.
7. Training to stimulate rural sports, nationally recognized sports, Paralympic sports and Olympic sports.

8.	Contribution to the Prime Minister’s National Relief Fund, Prime Minister's Central Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the Central Government for socio-economic development providing relief and welfare of the Scheduled Castes, the Scheduled and backward classes, other backward classes, minorities and women.
9.	Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government, State Government, Public Sector Undertaking or any agency of the Central Government or State Government.
10.	Contributions to public funded Universities, IITs, National Laboratories and autonomous bodies established under DAE, DBT, DST, Department of Pharmaceuticals, Ministry of AYUSH, Ministry of Electronics and Information Technology and other bodies, namely DRDO, ICAR, ICMR and CSIR, engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).
11.	Rural development projects.
12.	Slum area development. Slum area means 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.
13.	Disaster management, including relief, rehabilitation and reconstruction activities.