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**CORPORATE SOCIAL RESPONSIBILITY POLICY OF  
HOULIHAN LOKEY ADVISORY (INDIA) PRIVATE LIMITED**

*[Pursuant to Section 135 of the Companies Act, 2013, read with Schedule VII of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014]*

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Houlihan Lokey Advisory (India) Private Limited

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*Regulated by the Securities and Exchange Board of India as an Investment Advisor: Registration Number: INA000001217 CIN: U74900MH2011PTC21514*

## CONTENTS

Sl. No.	Particulars
1.	Overview
2.	Definition and applicability
3.	CSR Policy requirements as per the Companies Act, 2013 of India and notified Rules.
4.	CSR Focus Areas
5.	Implementation of CSR Activities
6.	Monitoring of CSR Activities
7.	Annual Action Plan
8.	CSR Expenditure
9.	CSR Fund
10.	CSR Committee (CSRC)
11.	Role and Responsibilities of the CSR Committee
12.	Functions of the Board
13.	Reporting
14.	Policy on non-discrimination and controversial organizations
15.	Self-governance
16.	Policy review and future amendments

# Houlihan Lokey

## 1. OVERVIEW

- 1.1 Houlihan Lokey Advisory (India) Private Limited ("**Company**") believes that Corporate Social Responsibility is a way of conducting business, by which corporate entities contribute to the social good.
- 1.2 As required under the provisions of Companies Act, 2013 ("**Act**"), the Company is pleased to announce its Corporate Social Responsibility Policy ("**CSR Policy**" or "**Policy**"). Our goal shall be to focus on CSR activities. Towards this purpose, the Policy has been designed to achieve the Company's social goals, while satisfying the required statutory obligations.

## 2. DEFINITIONS AND APPLICABILITY

### 2.1 Definitions:

"Act" means the India Companies Act, 2013

"Corporate Social Responsibility (CSR)" means and includes but is not limited to:

- a) Projects or programs relating to activities specified in Schedule VII to the Act or
- b) Projects or programs relating to activities undertaken by the board of directors of a Company in pursuance of recommendations of the CSR Committee of the Board as per declared CSR policy of the company subject to the condition that such policy will cover subjects enumerated in Schedule VII of the Act.

"CSR Committee" means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act.

"CSR Policy" relates to the CSR outlook of the Company and 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.

"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:

- a) Any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and
- b) Any dividend received from other companies in India, which are covered under and comply with the provisions of section 135 of the Act.

Provided that net profit in respect of a financial year for which the relevant financial statements were prepared in accordance with the provisions of the Companies Act, 1956, (1 of 1956) shall not be required to be re-calculated in accordance with the provisions of the Act.

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## 2.2 Applicability

- a. The Company shall be governed by the provisions of this CSR Policy at all such times during which the Company fulfills the requirement specified in Section 135(1) of the Act.
- b. The provisions of Section 135(1) of the Act shall apply to every company having:
  - ☐ Net worth of rupees five hundred crore or more; or
  - ☐ Turnover of rupees one thousand crore or more; or
  - ☐ Net profit of rupees five crore or more.during the preceding financial year.

## 3. CSR POLICY REQUIREMENTS AS PER THE COMPANIES ACT, 2013 OF INDIA AND NOTIFIED RULES

Pertaining to the provisions of Section 135 of the Act effective April 01, 2014 and the corresponding rules therefor, Houlihan Lokey Advisory (India) Private Limited (the “Company”) is required to comply with the Corporate Social Responsibility (CSR) regulations. And, as the Company is a socially responsible citizen, the Company has decided to undertake the CSR activities and will partner with, and support, charities, non-profit organizations, and such other organizations as prescribed under the provisions of the Companies Act, 2013, in India. It may be noted that the term “CSR Policy” as used in the Act and the Rules notified thereunder requires the following to be included:

- a. A list of CSR projects or programs which a company plans to undertake falling within the purview of Schedule VII of the Act, specifying modalities of execution of such projects and programs and implementation schedules for the same.
- b. Monitoring process for such programs and details of need and impact assessment, if any, for the projects undertaken by the Company provided that the CSR activities shall not include the activities undertaken in pursuance of normal course of business of the company.
- c. The surplus arising out of CSR projects, programs, or activities shall not form a part of the business profits of a company.”

## 4. CSR FOCUS AREAS

4.1 In accordance with the primary CSR philosophy of the Company and the specified activities under the Act read with Companies (Corporate Social Responsibility Policy) Rules, 2014, and any amendment(s) thereof, the CSR activities to be undertaken by the Company under this Policy shall be any of the following:

4.2 Activities relating to:

- i. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation, such as contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;

# Houlihan Lokey

- ii. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
- iii. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; 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;
- iv. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;
- v. 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 art and handicrafts;
- vi. 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;
- vii. Training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports;
- viii. Contribution to the Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the Central Government for socioeconomic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;
- ix. Contribution to incubators funded by Central Government or State Government or any agency or Public Sector Undertaking of Central Government or State Government, and Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organization (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs);
- x. Rural development projects;
- xi. Slum area development;

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- xii. 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
- xiii. Disaster management, including relief, rehabilitation and reconstruction activities;
- xiv. Any other activities as may be introduced by the Companies Act, 2013 from time to time and as approved by the CSR Committee.

Every activity to be undertaken by the Company under 4.2 above shall be approved by the CSR Committee (as defined herein). For the purpose of carrying out the CSR activities, preference shall be given to the local area and the areas around which the Company operates.

## 5. IMPLEMENTATION OF CSR ACTIVITIES

The CSR Committee and / or Board will ensure the following, while undertaking the CSR activities:

- a) The Company shall specify the project or programs to be undertaken through these entities, the modalities of utilization of funds on such projects and programs and the monitoring and reporting mechanism.
- b) The CSR projects or programs or Activities will be undertaken in India only.
- c) The Company shall not contribute any amount directly or indirectly to any political party.
- d) Any surpluses arising out of CSR projects or programs or activities shall not form part of the business profits of the Company.
- e) The Board will ensure that the activities mentioned in CSR Policy of the Company are undertaken by the Company and will not be undertaken in pursuance of normal course of business of the Company. If the Company fails to spend the amount, then it shall mention the reasons thereof in its board report.
- f) The period/duration over which a particular program will be spread, will depend on its nature, extent of coverage and the intended impact of the program. The progress of CSR programs under implementation will be reported to the Board on a timely basis.

The Company may carry out the CSR activities in accordance with the terms of this Policy, either on its own or the following agencies shall be eligible to carry out CSR activities on behalf of the Company:

- **Entity established by the company itself or along with any other company** - a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961;
- **Entity established by the Central Government or State Government ('Government Agencies')** - a Company established under section 8 of the Act, or a registered trust or a registered society;

- **Statutory bodies** - any entity established under an Act of Parliament or a State Legislature;
- **Public agencies** - a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.
- **Such other entity / organizations** as may be introduced by the Companies Act, 2013 from time to time and as approved by the CSR Committee and / or by the Board as applicable.

A company may engage international organizations for designing, monitoring and evaluation of the CSR projects or programs as per its CSR policy as well as for capacity building of their own personnel for CSR.

A Company may also collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the CSR committees and / or by the Board as applicable of respective companies are in a position to report separately on such projects or programs in accordance with the rules.

## 6. MONITORING OF CSR ACTIVITIES

We follow structured governance procedures to monitor CSR activities. Our CSR Policy is governed by the Board of Directors of the Company.

- 6.1 The administration of the CSR Policy and the execution of identified CSR projects, programs and activities shall be carried out under the overall superintendence of the CSR Committee or the Board of Directors of the Company, in case constitution of CSRC is not applicable to the Company.
- 6.2 The Board shall ensure that the administrative overheads shall not exceed "5%" of total CSR expenditure of the Company for the financial year.
- 6.3 The CSR Committee (as may be applicable) or the Board of Directors of the Company shall procure status report detailing the utilization of the funds, CSR Activities carried out, reasons for deviation from the implementation schedule, if any, corrective measures taken in this regard, requirement of additional funds, if any, along with the reasons for such escalations as and when necessary.
- 6.4 The CSR Committee or the Board of Directors shall satisfy itself that the funds disbursed towards the CSR activities have been utilized for the purposes and in the manner as approved by it, and the Chief Financial Officer or the person responsible for financial management, who is identified by the Board of Directors, shall provide a certificate to that effect.
- 6.5 The Board's report of a Company shall include an annual report on CSR containing particulars of the CSR Activities in the manner specified in the Rules.

6.6 In case of ongoing project, the Board of the Company shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.

## 7. ANNUAL ACTION PLAN

The CSR Committee and / or the Board as applicable shall formulate and recommend to the Board, an annual action plan, which shall include the following:

- The list of CSR projects or programs that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
- Manner of the execution of such projects;
- Modalities of utilization of funds and implementation of schedule for the projects or programs;
- Monitoring and reporting mechanism for the projects or programmed; and
- Details of need and impact assessment, if applicable, for the project undertaken by the Company.

The Board shall have the power to alter such plan at any time during the financial year, as per the recommendation of the CSR Committee (as may be applicable), based on reasonable justification to that effect.

## 8. CSR EXPENDITURE

The Company will necessarily spend the statutory requirement of 2% of its average net profits for the immediately preceding three financial years, calculated in accordance with Section 198 of the Act. Though the endeavour is to continue the spend year after year, the expenditure may not be uniform for all coming years as the percentage of allocation for CSR activities is directly co-related to the profits of Company.

## 9. CSR FUND

- 9.1 The Company shall make all payments towards CSR Activity from the Company bank account. Any surplus arising out of CSR Activities implemented by the Company shall not form part of business profits.
- 9.2 Payments shall be made directly to the beneficiaries.
- 9.3 In the event the Company is unable to spend the amount earmarked for the CSR Activities in a financial year, the CSR Committee shall submit a report in writing to the board of directors of the Company specifying the reasons for not spending the amount, which in turn shall be reported by the board of directors of the Company in their report to the shareholders of the Company for that particular financial year.



## 10. CSR COMMITTEE (CSRC)

CSR Committee shall be constituted by the Board of Directors of the Company, if applicable and as may be required. The roles, responsibilities and functioning of the CSR Committee shall be as provided below:

- 10.1 **Constitution:** CSR Committee shall consist of two members of the Board of Directors of the Company at any given point of time.
- 10.2 **Quorum:** Any two members of the CSR Committee personally present or via video conferencing shall form a quorum for any meeting of the CSR Committee.
- 10.3 **Meetings:** Meetings can be convened at such time, at such place and on such day, as the members of the CSR Committee may deem fit and necessary.
- 10.4 **Membership:** Membership of the CSR Committee is restricted to the Board of Directors of the Company. The CSR Committee may invite experts from various fields or officers or employees of the Company to attend its meetings and provide such expert views, comments, updates, information or clarification or for such other purpose the CSR Committee deems necessary to conduct the business.
- 10.5 **Jurisdiction:** The Board of Directors or the CSR Committee, as the case may be, shall exercise its jurisdiction over the CSR activities carried out or proposed to be carried out within India.

## 11. ROLE AND RESPONSIBILITIES OF THE CSR COMMITTEE (CSRC)

11.1 CSR Committee shall:

- (i) formulate and recommend the CSR Policy or any amendments thereon to the Board of Directors of the Company. Any amendments to be made to the CSR Policy shall be taken up by the Board only with the recommendation of CSR Committee;
- (ii) recommend the amount of expenditure to be incurred by the Company in each financial year in relation to the CSR Activities to the Board of the Directors of the Company. Such expenditure shall be calculated in accordance with the provisions of the Act;
- (iii) identify and recommend CSR Activities to the Board of Directors of the Company that are covered under this Policy;
- (iv) allocate budget to each of the CSR Activities and undertake all necessary steps to implement the CSR Activities in accordance with the implementation schedule, as approved by the Board;

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- (v) monitor the CSR Activities in such manner as prescribed in this Policy;
- (vi) update the board of directors from time to time on the progress of the CSR Activities along with a report on the amount allocated for such activity, amount utilised, amount unspent, if any, additional funds required, if any, and expenditure incurred; and
- (vii) ensure that the CSR Activities do not benefit, in any way, the Company or its employees and their families.

## 12. FUNCTIONS OF THE BOARD

- 12.1 The Board shall take into account the recommendations of the CSRC.
- 12.2. The Board shall approve this CSR Policy formulated by the CSRC.
- 12.3. The Board shall ensure that activities included by the Company in this CSR Policy are in pursuance of Schedule VII of the Act.
- 12.4. The Board shall be responsible for the effective implementation of the CSR activities in accordance the clause above.
- 12.5. The Board shall ensure that the Company spends, in every financial year, at least “2%” of the average net profits of the Company made during the immediately preceding financial year in pursuance of this CSR Policy

## 13. REPORTING

- 13.1 The Board of Directors of the Company shall provide the following information in its report to its shareholders:
- (i) Brief outline of the CSR Policy;
  - (ii) Website link (if any) to CSR Policy and update on the CSR Activities undertaken by the Company;
  - (iii) Composition of CSR Committee;
  - (iv) Average net profits of the Company for three immediately preceding financial years
  - (v) Prescribed CSR expenditure;
  - (vi) Total amount to be spent in a financial year and amount unspent, if any, along with the reasons;

- (vii) Manner in which the amount spent on CSR Activities during a financial year in the following format:
- (a) A description of the CSR Activities;
  - (b) Sectors covered by the CSR Activities;
  - (c) CSR Activities Undertaken – (1) Local Area or Other; (2) Specify the State and district where CSR Activities were undertaken;
  - (d) Amount outlay (budget) for each of the CSR Activity;
  - (e) Amount spent on the CSR Activities – (1) Direct Expenditure; (2) Overheads; (f) Cumulative expenditure up to the reporting period; and
  - (g) Amount spent – (1) Direct; (2) through the implementing agency;
- (viii) Reasons for the Company failing to spend the amount required under the Act (if any), on the CSR Activities; and
- (ix) Responsibility statement from CSR Committee that the implementation and monitoring of CSR Policy are in compliance with CSR objectives.

## 14. POLICY ON NON-DISCRIMINATION AND CONTROVERSIAL ORGANIZATIONS

- 14.1 The Company seeks to support organizations that are in alignment with the core values of the Company. The Company is committed to equal opportunity and fair treatment, and will not support charitable organizations that discriminate on the basis of race, colour, religion, sex, age, national origin, citizenship status, disability, sexual orientation, veteran status, or any other protected status. The Company defines discrimination in connection with its charitable giving program to include (but not necessarily be limited to) denial of services, employment, or volunteer opportunities to any class of individuals in a manner that negatively restricts opportunities available to that class of individuals.
- 14.2 In addition, to ensure that all recipient organizations are aligned with the Company's values, the Company shall not make charitable grants to any organization or program that in any way is controversial or, implicitly or explicitly, promotes, advocates, or instigates an ideology or environment that is divisive or not otherwise aligned with the Company's values.
- 14.3 As part of an ongoing effort to support only those organizations that fully align with the Company's values and policies, the Company reserves the right to evaluate the eligibility of a recipient organization at any time, regardless of whether prior grants have been made. The Company, in its sole discretion, may suspend or terminate current or future grants to any organization that are not aligned with the Company's values and policies.

## 15. SELF GOVERNANCE

15.1 The Company, its Board of Directors, employees, officers, CSR Committee members, its invitees, shall not:

- (a) directly or indirectly engage in lobbying of CSR activities;
- (b) accept any kind of favours and gifts, in any form, from beneficiaries as a result of consideration of the proposal to grant funds to beneficiaries under this Policy.

## 16. POLICY REVIEW AND FUTURE AMENDMENT

The CSR Committee shall review the CSR Policy from time to time and make suitable changes as may be required and submit the same for the approval of the Board of Directors of the Company.