



## **CORPORATE SOCIAL RESPONSIBILITY POLICY**

### **1. CONSTITUTION**

- 1.1. The Board of Directors of Hinduja Housing Finance Limited ("the Company") at their Meeting held on 11th February, 2019 constituted a Committee of the Board with the nomenclature "Corporate Social Responsibility Committee" ("the Committee").
- 1.2. The Committee shall act in accordance with the terms specified in Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

### **2. DEFINITIONS**

- a) "**Act**" means Companies Act, 2013 including any statutory modification or re- enactment thereof;
- b) "**Board**" means Board of Directors of the Company.
- c) "**Corporate Social Responsibility**" means the activities undertaken by the Company in pursuance of its statutory obligation laid down in section 135 of the Act and Rules made thereunder from time to time.
- d) "**CSR Committee**" means Corporate Social Responsibility Committee of the Board.
- e) "**CSR Policy**" refers to activities to be undertaken by the Company as determined by the CSR Committee and approved by the Board of Directors from such projects or programs relating to activities specified in Schedule VII or covered as Corporate Social Responsibility as per this policy and the expenditure thereon, excluding activities undertaken in pursuance to normal course of business of the Company and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan and as may be defined under the Act and rules made thereunder from time to time.

### **3. ACTIVITIES TO BE UNDERTAKEN AND MODE OF EXECUTION**

- 3.1. The CSR Committee undertakes one or more of the following activities, which relate to Schedule VII of the Companies Act, 2013 as its projects for CSR activities viz.,
  - a) eradicating hunger, poverty and malnutrition, promoting healthcare including preventive health care and sanitation including contribution to the Swach Bharat Kosh set up by the Central Government for the promotion of sanitation and making available safe drinking water;
  - b) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
  - c) 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;
  - d) ensuring environment 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;



- e) 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;
  - f) 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;
  - g) training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
  - h) 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 Socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
  - i) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and
  - j) 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 Défense Research and Development Organisation (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).
  - k) rural development projects.
  - l) Slum area development
  - m) disaster management, including relief, rehabilitation and reconstruction activities
  - n) Such other activities and norms as may be specified by Ministry of Corporate Affairs under the Companies Act, 2013, Schedule VII and Companies (Corporate Social Responsibility Policy) Rules, 2014 from time to time.
- 3.2 The Committee intends to carry out its CSR activities through its own personnel/ department established with persons qualified to undertake such activities. The Committee also decided that, the Company may engage the services of Hinduja Foundation and enter into a service level agreement with Hinduja Foundation, who have got an established track record of at least three financial years of having done CSR activities within the norms prescribed under the Companies (Corporate Social Responsibility Policy) Rules, 2014.
- 3.3 The Company may also collaborate with its Group/Associate Companies for undertaking the said activities.



- 3.4 The Company shall give preference to the local area and areas around it where it operates for spending the amount earmarked for CSR activities.
- 3.5 The Company may undertake CSR activities through implementing agencies such as;
- a) a company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company, or
  - b) a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or
  - c) any entity established under an Act of Parliament or a State legislature; or
  - d) a company established under section 8 of the Act, or a registered public trust or a registered society exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

#### **4. EXPENDITURE TO BE INCURRED**

The Committee shall determine an amount equivalent to 2% of the average net profits made during the three immediately preceding financial years in accordance with the provisions of Section 198 and shall thereafter prepare a budget of expenditure to be applied for the CSR projects.

The administrative overheads, which forms part of the CSR expenditure shall not exceed 5%, or such amount as may be notified by the Ministry of Corporate Affairs, of the total CSR expenditure of the Company for the financial year.

Provided if the company spends an amount in excess of the aforesaid requirements, such excess amount may be set off against the requirement to spend under sub-section (5) of section 135 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,
- the Board of the company shall pass a resolution to that effect.

The Committee shall request the Board of Directors to cause the statutory auditors to audit the Company's expenditure on CSR projects for the purpose of true and fair reporting of its accounts as part of its balance sheet, at the annual general meeting. In the event that the Company is not able to carry out the activities through its department/personnel and the Company needs to appoint Hinduja Foundation for carrying out the CSR activities, then in such an event, the Committee shall cause Hinduja Foundation to maintain its accounts on an imprest account basis and to submit monthly audited statements of expenditure made on CSR to the Company's CFO for inclusion in the quarterly accounts presented to the Board/ to the Company and its shareholders. The surplus arising out of the CSR projects or programmes or activities shall not form



part of the business profit of the Company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

#### **5. MONITORING**

The Committee shall monitor the expenditure incurred vis-à-vis the budgets through implementing agencies or through Hinduja Foundation and through various progress reports. Wherever applicable, to undertake impact assessment, through an independent agency,

- When the average CSR Obligation of HLF in three immediately preceding financial years is Rs 10 Crores or more; and
- For such CSR projects have an outlay of more than Rs 1 Crore and have completed not less than one year before undertaking the impact study.

The expenditure towards such impact assessment shall be booked towards CSR expenditure for that financial year which shall not exceed two percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is higher.

#### **6. IMPLEMENTATION**

The Board/CSR Committee may decide to implement the CSR projects through Hinduja Foundation or through such other implementation agencies may be decided with time to time.

#### **7. ANNUAL ACTION PLAN**

The CSR Committee shall recommend an Annual action Plan to the Board, which shall include the matters specified in the Companies (Corporate Social Responsibility Policy) Rules, 2014 as applicable from time to time.

#### **8. REPORTING**

The Board's Report shall include an annual report on CSR activities containing particulars as specified.

#### **9. PUBLICATION OF THE POLICY**

The CSR policy recommended by the Committee and approved by the Board along with Composition of CSR Committee and CSR projects approved by the Board shall be displayed on the Company's website.

#### **10. TRANSFER OF UNSPENT FUND**

Until a fund is specified in Schedule VII for the purposes of subsection (5) and (6) of section 135 of the Act, the unspent CSR amount, if any, shall be transferred by the company to any fund included in schedule VII of the Act.

#### **11. AMENDMENT**

The Company or the Board reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification shall be inconsistent with the applicable provisions of the Act or any law for the time being in force.