



Policy on Corporate Social Responsibility

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DOCUMENT VALIDATION NOTE

HDFC Capital Advisors Limited, a public limited company incorporated under the Companies Act, 2013 and having its registered office at Ramon House, 169, Backbay Reclamation, H T Parekh Marg, Churchgate, Mumbai 400020, has formulated and adopted this Corporate Social Responsibility Policy Version 1.0 in terms of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 (CSR Rules).

Section 135 of the Companies Act, 2013, requires the Company to constitute a Corporate Social Responsibility (CSR) Committee of Directors, adopt a CSR Policy, spend at least 2% of its average net profits made during the immediately preceding three financial years towards CSR activities as set out in Schedule VII to the Companies Act, 2013 and confirm compliance thereof in the Annual Report.

Accordingly, the CSR Committee, approved this Policy at its meeting held on July 24, 2018.

Title	Particulars
Reviewing Authority	Corporate Social Responsibility (CSR) Committee of Directors
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1. Policy Objective and Scope

Corporate Social Responsibility (CSR) is a company's sense of responsibility towards the community and environment in which it operates. It is the continuing commitment by a business to behave ethically and contribute to the economic development of communities who are unequally endowed.

HDFC Capital Advisors Ltd (hereinafter referred to as 'Company') believes in conducting its business responsibly, fairly and in a transparent manner.

This Policy has been formally formulated and adopted in terms of Section 135 of the Companies Act, 2013 and the CSR Rules to undertake CSR activities. It specifies the projects and programmes that can be undertaken, provides an indicative list of CSR projects/ programmes in terms of the Schedule VII to the Companies Act, 2013, which the Company plans to undertake during the implementation years, specifies the modalities of execution in the areas/ sectors chosen and the implementation schedule.

The scope of the Policy has been kept as wide as possible, so as to allow the Company to respond to different situations and challenges appropriately and flexibly, subject to the activities enumerated in Schedule VII of the Companies Act, 2013. However, no contribution will be made for any projects undertaken outside India.

2. Role of the Board of the Company

- The Board shall constitute a CSR Committee, consisting of three or more directors.
- The Board after taking into account the recommendations made by the CSR Committee, approve the CSR Policy for the Company and disclose the composition & contents of such Policy in its report.
- The Board shall ensure that the activities as are included in CSR Policy of the Company are undertaken by the Company.
- The Board of the Company shall ensure that the Company spends, in every financial year, at least two percent of the average net profits of the Company made during the three immediately preceding financial years, in pursuance of its CSR Policy.
- If the Company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134 of the Companies Act, 2013, specify the reasons for not spending the amount.

3. Role of CSR Committee

The CSR Committee shall:

- Formulate and recommend to the Board for its approval, a CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII to the Companies Act, 2013;
- Recommend the amount of expenditure to be incurred on the CSR activities;
- Monitor and review the CSR Policy of the Company from time to time;
- Formulation of a transparent monitoring mechanism for ensuring implementation of the projects/ programmes/ activities proposed to be undertaken by the Company or the end use of the amount spent by it towards CSR activities;
- Ensure overall governance and compliance to the CSR Policy;
- Ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the Company;
- Annually report to the Board of Directors, the status of the CSR activities undertaken and contributions made by the Company; and
- Any other requirements mandated under the Act and Rules issued thereto.

The overall execution of the Policy and day-to-day administration will be the responsibility of the management of the Company, working under the guidance of the CSR Committee to ensure that the CSR initiatives are in line with this Policy.

4. Partnering Organisations

The Company would be undertaking the CSR activities primarily through contributions to the H. T. Parekh Foundation, incorporated by the Housing Development Finance Corporation Limited ('the Corporation' or 'HDFC') as a not-for-profit company licensed under the erstwhile Section 25 of the Companies Act, 1956 (corresponding to Section 8 of the Companies Act, 2013), or through implementing agencies or through collaborative projects with other corporates or contributions to specific funds maintained by the Central/ State Government of India, like Prime Minister's Relief Fund etc.

The Foundation in turn will execute the CSR responsibilities either (i) directly, by executing and implementing programmes permitted under Schedule VII and approved by the CSR Committee or (ii) by entering into partnerships with implementing organisations registered in India and having a track record of service, performance, governance and accountability.

All the aforementioned organisations including the Foundation will be referred as “Partnering NGOs” in this Policy.

5. CSR Amount

The Company shall ensure to spend, in every financial year, at least two percent of the average net profits made during the three immediately preceding financial years, in pursuance of its CSR Policy and subject to Section 135 of the Companies Act, 2013 and the Rules made there under.

6. Spending of CSR Amount

The CSR Committee will decide on the following with regard to spending of CSR amount:

- Percentage of total amount to be contributed to the Foundation for undertaking earmarked projects;
- Amount to be contributed towards the Corpus of the Foundation; and
- Amount to be contributed for building the capacities of the CSR personnel for the Company as well as those of their Implementing Agencies through Institutions with established track records of at least three financial years. Such expenditure, including expenditure on administrative overheads, will be subject to the limits prescribed under the Companies Act, 2013 and CSR Rules.

Note -

- Any surplus arising from CSR projects or programs or activities will not form part of the business profits of the Company; and
- Any income arising from the contributions received by the Foundation and surplus arising out of the CSR activities will be used for CSR projects only.

7. CSR Activities / Projects

Schedule VII to the Companies Act, 2013 lists down the activities which may be included by companies in their CSR policies. The said activities are comprehensive and largely cover most social and development sectors.

The Company plans to focus its CSR initiatives and adopt a structured approach to the following **core areas** of intervention.

1. Education

This would include initiatives in the field of primary and secondary education, formal and non-formal literacy programmes, scholarships, digital literacy initiatives, teachers training & skills upgradation, vocational training and other holistic education initiatives for rural & urban youth.

2. Healthcare

This would include initiatives to support affordable healthcare, including awareness & preventive programmes for various communicable & non-communicable diseases, public & community health initiatives for the underprivileged sections of society, addressing malnutrition amongst women & children, provision of clean & safe drinking water to communities etc.

3. Skilling & Livelihood

This would include initiatives for supporting women, unemployed / dropout youth and rural youth for sustainable livelihood initiatives, by assisting such persons with skill training (technical and non-technical), vocational and lifeskills training, to enable them to generate livelihoods and in turn contribute to the economy.

4. Water conservation

This would include partnerships with experienced grassroot level organisations and technical consultants for watershed management structures to be constructed across drought prone areas in the country, including capacity building & training programmes for local communities in such areas to ensure long term water security.

5. Sanitation

This would include partnerships with organisations having domain expertise in the field of providing comprehensive sanitation programmes in schools, urban slums and rural areas, involving behavioural change & awareness towards hygiene and sanitation habits.

6. Support to the Differently abled

This would include initiatives towards special education, vocational training and rehabilitation of physically and mentally challenged children/adults, to make them economically independent and contributing members of society.

Further, the Company may directly or through partnerships with select organisations, undertake development activities across other sectors such as child welfare, promotion of the arts, promotion of sports, environmental sustainability or any others, with the main objective of betterment of society.

8. Process for Undertaking CSR Activities / Projects

The following procedure is required to be adhered to while undertaking/ funding CSR activities:

- Execution of Grant letters with all Partnering NGOs, which would detail the key roles, responsibilities and liabilities of each of the parties signing the Grant Letter;

- The contribution could be for Corpus or a project or programme as identified by the Company, either for a single year or multi-years, depending on the scale and needs of the project/programme.
- The disbursement of the contribution amount by the Company to the Partnering NGOs shall be made only if they have requisite approvals and registrations as required under the Income Tax Act, 1961 and other applicable laws in India; and
- The disbursement will be made only upon receipt of a proposal from the Partnering NGOs specifying the budget that is required and the activity for which it is required.

9. Monitoring

The CSR committee shall monitor the following:

- Timely Spending of CSR contribution to the Foundation / identified projects;
- For contributions made directly for the identified CSR projects, the following shall be obtained
 - Annual Report with audited financial statements;
 - Operational / progress reports from time to time
 - Copies of any other reports or communications received from the auditors relating to its financial position or affairs which is of a material nature; and
 - Any information or circumstance which may affect or jeopardise the implementation of the activities or the project of the Partnering NGOs in general.

To ensure steady progress and proper utilization of CSR amount, the following monitoring mechanism may be adopted depending upon the size of contribution and the Partnering NGOs:

- Periodic Field visits by the persons deputed by the Company;
- Undertaking sample internal audit of the projects/ activities;
- Review of the reports submitted by the Partnering NGOs.

The Partnering NGOs shall allow the Company, its management, its auditors (whether internal or external), their agent(s) appointed to act on its behalf and / or its regulators to enter upon its premises and monitor, inspect, examine and audit the Partnering NGOs operations and records which the Company, its management, its auditors (whether or external), their agent appointed to act on its behalf and / or its regulators in their absolute discretion deem to be relevant, including conducting of annual review of the financial and operational condition of the Partnering NGOs and also to obtain copies of any audit or review reports and findings made on the Partnering NGOs.

The CSR Committee may engage external agencies to evaluate the CSR projects and monitor its progress. The Committee would constantly monitor the implementation of the CSR projects and the utilization of the CSR amount.

10. Reporting

The CSR Committee shall report to the Board of Directors of the Company, the status of the CSR projects/ activities undertaken by the Company as part of the Annexure to the Directors' Report, in the Company's Annual Report.