

## Annex to Directors' Report - 3

### Annual Report on Corporate Social Responsibility (CSR) Activities

1. **A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.**

Overview of HDFC's CSR activities:

The guiding principle of HDFC's CSR activities is that institutional giving should focus on building organisations that will eventually be self-reliant and empower the beneficiaries. Accordingly, HDFC continues to support a range of social interventions and development initiatives (irrespective of the size of the implementing organisation), to facilitate deep and long-term impact for a developed and inclusive society.

Over the past 28 years, HDFC has been making consistent efforts towards supporting the underserved sections of the society. As early as 1988, HDFC established a fund called the Shelter Assistance Reserve (SAR) with the main objective of participating and supporting worthwhile social projects.

The vision for a socially conscious organisation started with its Founder Chairman, Shri H. T. Parekh. Apart from his enormous contribution to the development of housing finance and other financial sectors in India, Shri H. T. Parekh was responsible for establishing several social initiatives that continue even today with their community driven work. To honour his legacy, HDFC formed the H T Parekh Foundation (Foundation) in October 2012 as a Section 25 (now Section 8) company. HDFC has committed to undertake a large part of its CSR activities through the Foundation.

This year, the focus of HDFC's CSR activities has been across 3 thematic areas – healthcare, education and sanitation. Additionally, HDFC supported other social causes, such as maternal & child nutrition, special education and vocational training for the differently abled, urban welfare issues for marginalised & vulnerable groups, rural projects and environmental sustainability. Across all the areas of support, we endeavoured to choose projects keeping in mind the Human Development Index norms.

HDFC's support in the area of healthcare is to make quality & accessible healthcare available to economically deprived persons. Some key areas included cancer care, quality ophthalmologic care for preventable blindness, paediatric focused healthcare and support for rural health initiatives. Facilitating life altering surgeries for under privileged children in the area of heart surgeries, cochlear implants and craniofacial/cleft lip surgeries was done in tie up with established hospitals and experienced surgeons. This year, financial assistance was also provided to public health initiatives for the detection, treatment & rehabilitation of patients suffering from diseases such as tuberculosis (TB) and leprosy.

The United Nations Millennium Development Goals had marked 2015 as the year to achieve universal primary education. However, even today a significant percentage of children in India have either never been to school or struggle to stay in school. In a growing country such as ours, education can be the key tool empowering people to break out of the poverty cycle. During the financial year ended March 31, 2016, HDFC supported students belonging to low income families (from urban and rural areas) with merit based scholarships to help pursue their higher education. It also contributed towards building capacities of educational institutions, committed to the goal of providing quality education to the underserved and underprivileged sections of the society. HDFC provided financial assistance to programmes geared towards promoting holistic development of children through training for key life skills such as financial literacy, self defence, sportsmanship and vocational training for enhanced livelihood opportunities.

A majority of people living today in both urban and rural India defecate in the open, as they do not have access to a toilet. Access to sanitation facilities coupled with education on the health risks associated with poor sanitation, can go a long way in preventing many diseases, reduce health costs, provide dignity for women and ensure that adolescent girls do not drop out of school. In the current year, HDFC continues to support organisations with domain expertise in the area of water & sanitation in both urban slums and rural villages.

## Annual Report on Corporate Social Responsibility (CSR) Activities (Continued)

The programmes supported by us do not merely focus on building the toilet infrastructure, but include a large component of community awareness and behavioural change, necessitating demand for the sanitation facilities from the communities themselves.

Another key area of support included programmes for improving maternal, new born, child and adolescent nutrition. This included mid day meals in schools, programmes for maternal, newborn and child malnourishment in urban slums and nutrition for children of construction workers on the construction sites in various cities. HDFC also provided assistance to organisations for the running of child shelters & orphanages and programmes for child protection.

Considering rural India as a significant contributor to the economy, HDFC supported pilot programmes on rural development in areas such as empowerment of women farmers, improving agricultural productivity, food security and support for rural health. In the urban cities, some of the community welfare issues that HDFC supported included the welfare of women, migrant workers, geriatric care and financial literacy.

HDFC continued its support for differently abled children and adults, through special education, vocational training for livelihood, rehabilitation and institutional support for life care. HDFC also partnered with organisations working on environment sustainability and bio-diversity and promoting Indian athletes in their preparation for global sporting events.

### CSR Policy:

The CSR Policy has been approved by the CSR Committee of HDFC and is available on HDFC's website: [http://hdfc.com/all\\_policies/csrpolicy.pdf](http://hdfc.com/all_policies/csrpolicy.pdf)

### 2. The Composition of the CSR Committee:

Mr. Deepak S. Parekh (Chairman)

Mr. D. N. Ghosh (Independent Director)

Mr. Keki M. Mistry

Ms. Renu Sud Karnad

Mr. V. Srinivasa Rangan

During the year under review, the committee met twice, on April 29, 2015 and January 27, 2016. All the members of the committee attended both the meetings.

3. Average net profit of the Company for the last three financial years: ₹ 6,962.95 crore

4. Prescribed CSR Expenditure (2% of the amount in Point 3 above): ₹ 139.26 crore

### 5. Details of CSR spent during the financial year:

a) Total amount spent during the financial year 2015-16: ₹ 85.70 crore

b) Amount unspent, if any: ₹ 53.56 crore\*

\* HDFC is amongst the few companies that is required to comply with Foreign Contribution Regulation Act, 2010 (FCRA) norms. Thus, the CSR activities of HDFC were restricted. Changes to FCRA have been indicated, post which HDFC will be able to commit & deploy larger funds towards CSR in future years. For further details, please refer Point 6 of the Report.

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c) Manner in which the amount was spent during the financial year is detailed below:

Sr. No.	CSR Project/Activity	Sector	Locations	Budget for Projects/ Programmes	Amount Spent: Direct on Projects/ Programmes	Cumulative Expenditure up to Reporting Period <sup>1</sup>	Amount Spent: Direct/ Implementing Agency <sup>2</sup>
			District (State)	₹ Crore	₹ Crore	₹ Crore	
1A	Support for the detection, treatment and rehabilitation of unaffording cancer patients, including paediatric cancer	Health (Support for Cancer)	Hyderabad (Telangana); Noida (Uttar Pradesh); Kolkata (West Bengal); Mumbai (Maharashtra)	31.54	23.54	31.54	H T Parekh Foundation & Implementing Agency
1B	Support for specialised medical equipment and infrastructure and provision of ophthalmologic care for preventable blindness	Health (Institutional Support)	Haridwar (Uttarakhand); Hyderabad (Telangana); Mumbai (Maharashtra); Chennai (Tamil Nadu); Surendranagar (Gujarat); Kolkata (West Bengal)	4.52	4.52	4.52	H T Parekh Foundation & Implementing Agency
1C	Support for public health initiatives for the detection, treatment and rehabilitation of persons suffering from tuberculosis (TB) and leprosy	Health (Communicable Diseases)	Vidarbha (Maharashtra); Nashik (Maharashtra); Dhule (Maharashtra); Jalgaon (Maharashtra); Mumbai (Maharashtra); Meerut (Uttar Pradesh)	3.12	3.12	3.12	H T Parekh Foundation & Implementing Agency
1D	Specialised and life altering surgeries for underprivileged children and adolescents, viz. craniofacial & cleft lip & palate, cochlear implants and heart surgeries	Health (Transformative surgeries for children)	Mumbai (Maharashtra); Bangalore (Karnataka); Srinagar (Jammu and Kashmir)	1.89	1.83	1.89	H T Parekh Foundation & Implementing Agency
2A	Merit based scholarships to students from lower income families to pursue higher education	Education (Scholarships)	Bulandshahr (Uttar Pradesh); Sonapat (Haryana); Nilgiris (Tamil Nadu); Mumbai (Maharashtra); Dehradun (Uttarakhand); Bangalore (Karnataka)	12.60	12.60	12.60	H T Parekh Foundation & Implementing Agency
2B	Promoting quality education in urban cities	Education (Urban Initiatives)	Mumbai (Maharashtra); Hyderabad (Telangana); Chennai (Tamil Nadu); Bangalore (Karnataka); Gurgaon (Haryana); New Delhi	3.25	3.25	3.25	H T Parekh Foundation & Implementing Agency
2C	Promoting holistic education support in rural areas	Education (Rural Initiatives)	Khammam (Telangana); Pali (Rajasthan); Sirohi (Rajasthan); Alwar (Rajasthan); Sawai Madhopur (Rajasthan); Chittoor (Andhra Pradesh); Raigad (Maharashtra); Nashik (Maharashtra)	2.04	2.04	2.04	H T Parekh Foundation & Implementing Agency
2D	Programmes imparting life skills to children and adolescents and vocational training for youth	Education (Life Skills and Vocational Skills Training)	Mumbai (Maharashtra); Pune (Maharashtra); Palghar (Maharashtra); Thane (Maharashtra); New Delhi; Ahmedabad (Gujarat); Raipur (Chhattisgarh)	1.85	1.85	1.85	H T Parekh Foundation & Implementing Agency
3A	Support for mid-day meals in schools, nutrition for children on construction sites and addressing maternal/new born nutrition in urban slums	Child Welfare (Prevention of Malnutrition)	Lucknow (Uttar Pradesh); Mathura (Uttar Pradesh); Pune (Maharashtra); Mumbai (Maharashtra); Kolkata (West Bengal); New Delhi	7.68	7.68	7.68	H T Parekh Foundation & Implementing Agency

## Annual Report on Corporate Social Responsibility (CSR) Activities (Continued)

Sr. No.	CSR Project/Activity	Sector	Locations	Budget for Projects/ Programmes	Amount Spent: Direct on Projects/ Programmes	Cumulative Expenditure up to Reporting Period <sup>1</sup>	Amount Spent: Direct/ Implementing Agency <sup>2</sup>
			District (State)	₹ Crore	₹ Crore	₹ Crore	
3B	Support for running and maintaining child shelters/ foster homes/ orphanages, child protection and holistic development of children	Child Welfare (Child Shelters & Protection)	Mumbai (Maharashtra); Pune (Maharashtra); Aurangabad (Maharashtra); Kamrup (Assam); Nagaon (Assam); Kolkata (West Bengal); Varanasi (Uttar Pradesh); Patna (Bihar); New Delhi	1.35	1.35	1.35	H T Parekh Foundation
4A	Community led water and sanitation programmes in rural areas	Water & Sanitation (Rural)	Villipuram (Tamil Nadu); Trichy (Tamil Nadu); Dahanu (Maharashtra); Pithoragarh (Uttarakhand)	6.24	6.24	6.24	H T Parekh Foundation & Implementing Agency
4B	Support for sanitation programmes in urban slums	Sanitation (Urban)	Mumbai (Maharashtra); Kolhapur (Maharashtra); New Delhi	1.98	1.98	1.98	H T Parekh Foundation
5A	Institutional support for organisations supporting mentally/physically challenged persons	Differently Abled (Institutional Support)	Ernakulam (Kerala); Tirunelveli (Tamil Nadu); Navi Mumbai (Maharashtra); Mumbai (Maharashtra); Raigad (Maharashtra); New Delhi	3.44	3.44	3.44	H T Parekh Foundation & Implementing Agency
5B	Early childhood detection, special education and vocational training for children with learning and other disabilities	Differently Abled (Special Education and Vocational Skills)	Mumbai (Maharashtra)	1.00	1.00	1.00	H T Parekh Foundation
6	Programmes addressing various urban issues including welfare of women, migrant workers, geriatric care and financial literacy	Urban Community Welfare	Mumbai (Maharashtra); Ahmedabad (Gujarat)	3.72	3.72	3.72	H T Parekh Foundation & Implementing Agency
7	Rural initiatives addressing health, hygiene and sanitation, agricultural productivity and food security, and empowerment of women (including farmers)	Rural Upliftment	Nashik (Maharashtra); Wardha (Maharashtra); Thane (Maharashtra); Paschim Medinipur (West Bengal); Anand (Gujarat)	3.14	2.95	3.14	H T Parekh Foundation
8	Programmes to support environmental sustainability, biodiversity and animal protection	Environmental Conservation	Mumbai (Maharashtra); Nashik (Maharashtra); Chandrapur (Maharashtra); South 24 Parganas (West Bengal)	1.68	1.68	1.68	H T Parekh Foundation & Implementing Agency
9	Support for training and development of Indian athletes for global sporting events	Development of Indian Athletes	Chennai (Tamil Nadu); Mumbai (Maharashtra)	0.75	0.75	0.75	H T Parekh Foundation & Implementing Agency
10	Promotion of arts	Art & Culture	Mumbai (Maharashtra); Pune (Maharashtra); Kolkata (West Bengal)	0.65	0.65	0.65	H T Parekh Foundation & Implementing Agency
	Add: Overheads				1.51		
<b>Grand Total</b>				<b>92.44</b>	<b>85.70</b>	<b>92.44</b>	

## Annual Report on Corporate Social Responsibility (CSR) Activities (Continued)

### Notes:

1. Includes expenditure on multi-year projects disbursed up to March 31, 2016.
2. Details of Implementing Agencies: HDFC carries out its CSR activities primarily through the H T Parekh Foundation and through other implementing agencies (non-profit organisations). During the current year, grants have been provided to 92 implementing agencies, of which some significant ones are as below:

• ALERT India	(Health)
• Bal Raksha Bharat (Save the Children)	(Child Welfare)
• Charutar Arogya Mandal	(Rural Upliftment)
• Himmotthan Society	(Water and Sanitation)
• Indian Cancer Society	(Health)
• Indian Institute of Human Settlements	(Education)
• International Foundation for Research & Education	(Education)
• OM Creations Trust	(Differently abled)
• National Health & Education Society	(Health)
• Marrow Donor Registry India	(Health)
• Medical Research Foundation	(Health)
• Public Health Foundation of India	(Health)
• Shelter Associates	(Sanitation)
• Shiv Nadar Foundation	(Education)
• Tata Medical Center Trust	(Health)
• Teach to Lead	(Education)
• The Akshaya Patra Foundation	(Child Welfare)
• The Bombay Community Public Trust	(Community Welfare)
• The CHILD's Trust	(Health)
• Wildlife Conservation Trust	(Environmental Conservation)

The complete list of implementing agencies is available for inspection.

6. **In case the Company has failed to spend 2% of the average net profit of the last 3 financial years or any part thereof, the Company shall provide the reasons for not spending the amount:**

The CSR spend of HDFC has significantly increased in FY 2015-16 compared to the previous year, with the Company having spent 1.23% of its average net profit in the reporting period. The reasons for being unable to spend the prescribed 2% CSR amount are as below:

- Restriction on contribution to organisations under the Foreign Contribution Regulation Act, 2010 (the Act): This restriction continues to be a major deterrent for HDFC, as several small to mid-sized non-profit organisations as well as those in existence for under 3 years, are not registered under FCRA. HDFC was unable to support such organisations due to legal restrictions prevailing under the existing Act.

## Annual Report on Corporate Social Responsibility (CSR) Activities (Continued)

- Limited social organisations operating at scale: With the CSR law being in its second year of implementation, many non-profit organisations in India are still in the process of building their internal capacities and teams. These organisations need to scale up their presence in order to have the ability to absorb the large quantum of CSR funds available to them. The dual challenge of finding organisations that are both aligned with the social objectives of HDFC and that have the ability to scale up operations proved to be a limitation.
- Focus on quality: HDFC has supported many non-profit organisations for the first time in the current year. However, to assess their implementation capability and quality of work, we have chosen to support such organisations in pilot projects requiring small to mid-sized grants. These organisations will be monitored during FY 2016-17 to assess the work done and impact achieved; accordingly we will be able to support them on a larger scale in future years. This method of grant disbursement has consciously been chosen as a strategy, keeping in mind HDFC's long term vision for CSR.

As HDFC's foreign portfolio investors have invested more than 50% in its share capital (in compliance with the FDI policy for the housing finance sector), it is required to comply with FCRA. Accordingly, the Foundation had applied for a prior approval from the Ministry of Home Affairs in order to receive contributions from HDFC. Post receipt of this approval in March 2014, the Foundation had to comply with FCRA norms, which restricts onward contributions to FCRA registered organisations only. The Finance Bill 2016 has indicated certain changes to the FCRA; should this happen, HDFC will be exempt from the applicability of the Act and will be able to commit and deploy larger funds towards CSR in the coming financial year.

7. **The CSR Committee hereby confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and policy of HDFC.**

For Housing Development Finance Corporation Limited

MUMBAI  
May 2, 2016

KEKI M. MISTRY  
Vice Chairman & CEO

DEEPAK S. PAREKH  
Chairman - CSR Committee