

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:

Housing Development Finance Corporation Limited (HDFC/the Corporation) has framed a CSR Policy in compliance with the provisions of Companies Act, 2013, which outlines its CSR objectives and the manner in which it will be implemented. The CSR Policy is available on HDFC's website: [https://www.hdfc.com/allpolicies/CSR Policy.pdf](https://www.hdfc.com/allpolicies/CSR%20Policy.pdf). HDFC primarily implements its CSR initiatives through the H T Parekh Foundation, a Section 8 registered charitable institution set up by HDFC in October 2012.

HDFC's CSR activities during the year have focused on sectors such as Education, Water & Sanitation and Skilling & Livelihoods.

Education is one of the most powerful tools to ensure sustainable development and thus it remains a mainstay for HDFC's CSR initiatives. During the year, the Corporation has supported social organisations working on mainstreaming school dropouts in rural areas and programmes using low cost and innovative tools to improve the quality of education and learning outcomes. HDFC partnered with organisations building valuable learning resources which included a school for tribal children and an integrated centre for science education. Financial assistance was provided for the development of sustainable rural technologies to one of India's premier universities. HDFC also supported programmes imparting life skills training to children from rural and urban slum communities and provided financial assistance for training programmes for primary and secondary school teachers.

The severe drought faced in large parts of India over the past two years, brought to fore the need for the management and conservation of water resources of India, to bring about long term water security. HDFC plans to closely monitor its current projects supporting this sector, as also to actively look for the right partners to expand its CSR spend in the water sector. During the year, HDFC's support has primarily been towards two aspects in this sector (i) programmes for effective watershed management in water deficient districts of rural Maharashtra and (ii) provision of clean and safe drinking water through community based water centres and dispensing units in the slums of New Delhi.

HDFC remains committed to the cause of improving sanitation facilities in both urban slums and rural villages. The Corporation has expanded its support to existing partner organisations having domain expertise and the ability to successfully complete projects on time. During the year, HDFC has supported sanitation programmes across multiple locations with the goal to build ~ 3,000 household toilets over the next two years.

With over half of its population below the age of 24 years, India could be a global supplier of skilled manpower provided adequate measures are taken to skill its youth. The government has also made skilling a thrust area to ensure that the country is able to cash in on its demographic dividend. During the year, HDFC has supported pilot projects in skill development and livelihood enhancement. Some of its key projects included skilling of construction workers, vocational training for youth with physical disabilities, non-traditional livelihood options for women, livelihood support for a section of Kutch artisans, skilling of Auxiliary Midwife Nurses (in the public healthcare system) and service industry linked training for under privileged youth. HDFC will continue to expand its support to this sector in the coming years.

During the year, HDFC also partnered with the Government of Maharashtra for its 'Village Transformation Mission' (a joint initiative of the State government and the corporate sector), to be implemented in select villages across the State over a 2-3 year timeframe. The Corporation has commenced this project with 10 villages in the district of Palghar, approximately a 3 hour drive from Mumbai – a largely tribal district with one of the lowest Human Development Index (HDI) parameters in the State.

In addition to the above focus areas, HDFC continued its support towards certain areas of healthcare, welfare for the differently abled, community & child development programmes, environmental sustainability projects and

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sports. HDFC's healthcare initiatives focussed on programmes for addressing malnutrition, health facilities for quality paediatric care, transformational surgeries for underprivileged children, and support towards cancer and leprosy prevention, treatment and rehabilitation. In welfare for the differently abled children and adults, HDFC supported organisations working towards special education, vocational training, rehabilitation and institutional support for life care.

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

Note: During the year under review, the Committee met thrice, on May 2, 2016, October 26, 2016 and March 3, 2017. All the Members of the Committee attended all three meetings.

3. Average net profit of the Company for the last three financial years: ₹ 8,056.97 crore

4. Prescribed CSR Expenditure (2% of the amount in Point 3 above): ₹ 161.14 crore

5. Details of CSR spent during the financial year:

a. Total amount spent during the financial year 2016-17: ₹ 146.55 crore

b. Amount unspent, if any: ₹ 14.59 crore

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 ²	Amount Spent: Direct/ Implementing Agency ¹
			Districts (State)	₹ Crore	₹ Crore	₹ Crore	
1A	Support for education initiatives in rural areas	Education (Rural)	Chittoor (Andhra Pradesh); Dumka, Hazaribagh, Koderma, Palamu, Purbi Singhbham, Ranchi (Jharkhand); Bengaluru, Chitradurga, Dakshina Kannada (Karnataka); Chandrapur, Dahanu, Igatpuri, Palghar, Thane (Maharashtra); Alwar, Baran, Jaipur, Pali, Sirohi (Rajasthan); Chennai (Tamil Nadu); Khammam (Telangana)	12.34	12.34	14.35	H T Parekh Foundation & Implementing Agency

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Sr. No.	CSR Project/Activity	Sector	Locations	Budget for Projects/ Programmes	Amount Spent: Direct on Projects/ Programmes	Cumulative Expenditure up to Reporting Period ²	Amount Spent: Direct/ Implementing Agency ¹
			Districts (State)	₹ Crore	₹ Crore	₹ Crore	
1B	Support for various education projects in urban and peri-urban areas	Education (Urban)	Raipur (Chhattisgarh); Bardez (Goa); Ahmedabad, Baroda, Gandhinagar, Jamnagar, Surat, Vapi (Gujarat); Gurgaon (Haryana); Bengaluru (Karnataka); Mumbai, Navi Mumbai, Palghar, Pune, Thane (Maharashtra); New Delhi (New Delhi); Ferozepur, Ludhiana (Punjab); Dholpur, Udaipur (Rajasthan); Chennai (Tamil Nadu); Hyderabad (Telangana); Agra, Pilibhit, Ghaziabad, Lucknow, Saharanpur (Uttar Pradesh); Dehradun (Uttarakhand); Kolkata (West Bengal)	5.98	5.98	8.68	H T Parekh Foundation & Implementing Agency
1C	Programmes imparting life skills to children, training teachers and support for organisations promoting community awareness	Education (Life Skills and Community Awareness)	Bengaluru (Karnataka); Mumbai, Palghar, Pune (Maharashtra); New Delhi (New Delhi)	4.33	4.33	5.97	H T Parekh Foundation & Implementing Agency
2A	Programmes for effective watershed management in drought prone areas and provision of safe drinking water to slum communities	Water & Sanitation	New Delhi (New Delhi); Amravati, Beed, Latur, Palghar, Satara, Wardha, Yavatmal (Maharashtra)	11.91	11.91	11.91	H T Parekh Foundation
2B	Community led sanitation programmes in rural areas, urban slums and public spaces	Water & Sanitation	New Delhi (New Delhi); Kolhapur, Mumbai (Maharashtra); Tiruchirapalli (Tamil Nadu)	6.01	6.01	8.34	H T Parekh Foundation & Implementing Agency
3	Collaboration with the Government of Maharashtra for upliftment of select villages in the State	Rural Development	Palghar (Maharashtra)	10.00	10.00	10.00	H T Parekh Foundation

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Sr. No.	CSR Project/Activity	Sector	Locations	Budget for Projects/ Programmes	Amount Spent: Direct on Projects/ Programmes	Cumulative Expenditure up to Reporting Period ²	Amount Spent: Direct/ Implementing Agency ¹
			Districts (State)	₹ Crore	₹ Crore	₹ Crore	
4A	Women focussed skilling & livelihood enhancement programmes	Skilling & Livelihoods (Empowering Women)	Bhuj (Gujarat); Mumbai, Pune, Wardha, Yavatmal (Maharashtra); New Delhi (New Delhi)	4.19	4.19	4.34	H T Parekh Foundation & Implementing Agency
4B	Skilling & livelihood enhancement programmes for youth from low income backgrounds	Skilling & Livelihoods (Youth)	Prakasam (Andhra Pradesh); Aravalli (Gujarat); Bengaluru, Chikballapur, Shimoga (Karnataka); Chhindwara, Sehore (Madhya Pradesh); Ahmednagar, Pune (Maharashtra); Balasor, Kalahandi (Odisha); Barmer, Jaipur (Rajasthan); Coimbatore, Kancheepuram (Tamil Nadu); Deoria (Uttar Pradesh); Howrah, Murshidabad (West Bengal)	3.53	3.53	3.53	H T Parekh Foundation
5A	Paediatric health facilities and nutrition for underprivileged children	Healthcare (Child Focused)	Mumbai, Palghar, Pune (Maharashtra); Chennai, Krishnagiri (Tamil Nadu)	5.52	5.52	7.40	H T Parekh Foundation & Implementing Agency
5B	Support for the detection, treatment and rehabilitation of underprivileged patients suffering from Cancer and Leprosy	Healthcare (Cancer and Leprosy programmes)	Guwahati (Assam); Amravati, Bhandara, Gondia, Mumbai, Nagpur, Nandurbar, Nashik, Raigad, Wardha (Maharashtra); Kolkata (West Bengal)	3.35	3.35	5.98	H T Parekh Foundation & Implementing Agency
5C	Support for transformational surgeries including cochlear implants, eye surgeries, heart transplants and to blood banks	Healthcare (Support for Surgeries)	Mumbai, Nashik (Maharashtra); Chennai (Tamil Nadu); Kolkata (West Bengal)	2.39	2.39	3.97	H T Parekh Foundation & Implementing Agency

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Sr. No.	CSR Project/Activity	Sector	Locations	Budget for Projects/ Programmes	Amount Spent: Direct on Projects/ Programmes	Cumulative Expenditure up to Reporting Period ²	Amount Spent: Direct/ Implementing Agency ¹
			Districts (State)	₹ Crore	₹ Crore	₹ Crore	
6	Support for special education, vocational training for mentally / physically challenged children and adults	Differently Abled (Special Education and Vocational Skills)	Bengaluru (Karnataka); Kochi (Kerala); Mumbai, Nashik, Navi Mumbai, Pune (Maharashtra); New Delhi (New Delhi); Dehradun (Uttarakhand); Kolkata (West Bengal)	2.91	2.91	3.56	H T Parekh Foundation & Implementing Agency
7	Programmes for child protection, geriatric and destitute care, and support for foster homes / orphanages/ day care centres	Community & Child Development	Ujjain (Madhya Pradesh); Lonavala, Mumbai, Navi Mumbai, Thane (Maharashtra); New Delhi (New Delhi); Chennai (Tamil Nadu); Varanasi (Uttar Pradesh)	2.79	2.79	3.07	H T Parekh Foundation & Implementing Agency
8	Programmes for environmental sustainability including solar power, recycling of plastic, composting and solid waste management	Environmental Sustainability	Kangra (Himachal Pradesh); Mumbai, Palghar, Thane (Maharashtra)	0.69	0.69	0.69	H T Parekh Foundation & Implementing Agency
9	Support for training and development of Indian athletes for global sporting events	Development of Indian Athletes	Mumbai (Maharashtra); New Delhi (New Delhi)	0.61	0.61	1.29	H T Parekh Foundation & Implementing Agency
10	Contribution to the corpus of the H T Parekh Foundation for various CSR activities, listed in HDFC's CSR Policy	Various sectors covered by Schedule VII of the Companies Act, 2013	Pan India	70.00	70.00	70.00	H T Parekh Foundation
Grand Total				146.55	146.55	163.08	

Notes:

- Details of Implementing Agencies:** HDFC carries out its CSR activities primarily through the H T Parekh Foundation and other implementing agencies (non-profit organisations). During the current year, grants have been provided to 94 implementing agencies, of which some significant ones are as below (in alphabetical order):
 - Agastya International Foundation (Education)
 - ALERT-India (Healthcare)
 - Aseema Charitable Trust (Education)
 - AROEHAN (Water & Sanitation)
 - Foundation for Research in Community Health (Skilling & Livelihoods)

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- Foundation for Education and Development (Education)
- Foundation for Promotion of Sports & Games (Development of Indian Athletes)
- Gramalaya Trust (Water & Sanitation)
- Gujarat Mahila Housing SEWA Trust (Water & Sanitation)
- Indian Cancer Society (Healthcare)
- Indian Institute of Human Settlements (Education)
- Indian Institute of Science (Education)
- Jai Vakeel Foundation & Research Centre (Differently Abled)
- ISKCON Food Relief Foundation (Healthcare)
- Jaldhaara Foundation (Water & Sanitation)
- Mobile Creches (multi location) (Healthcare / Child Development)
- Paani Foundation (Water & Sanitation)
- Sampark (Education)
- Shelter Associates (Water & Sanitation)
- Teach to Lead (Education)
- The Bombay Community Public Trust (Community & Child Development)
- The CHILDS Trust (Healthcare)
- Vandana Foundation (Skilling & Livelihoods)
- Village Social Transformation Foundation (Rural Development)
- Vision Foundation of India (Healthcare)
- Youth4Jobs Foundation (Skilling & Livelihoods)

The complete list of implementing agencies is available for inspection.

2. Cumulative expenditure on programmes includes expenditure incurred for an ongoing project or programme from FY 2014-15 up to the current reporting period, and excludes completed programmes.

Administrative expenses and overheads of ₹ 1.21 crore, have been met primarily out of the interest income earned by the H T Parekh Foundation during the year.

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:**

During the year under review, the Corporation spent 1.82% of its average net profit on CSR activities. Since the introduction of the CSR law in April 2014, HDFC has consciously scaled up its support to organisations based on their demonstrated capabilities over time. HDFC has also entered new sectors in FY 2016-17 such as Skilling & Livelihoods and Water, in which it proposes to gradually increase commitments overtime.

HDFC will continue its work with existing and new partners, as also expand its geographical reach, in order to incrementally invest in CSR activities 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 4, 2017

KEKI M. MISTRY
Vice Chairman & CEO

DEEPAK S. PAREKH
Chairman - CSR Committee