

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/CSRPolicy.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 focused primarily on three sectors – Healthcare, Education and Skilling & Livelihoods. In each of these sectors, we identified key sub-thematic areas which we believe are critical interventions to address the most pressing challenges and bring about systemic change by reducing inequalities and increase productivity. Further, social problems are prevalent across India and not restricted to particular geographies. The social challenges India faces are interconnected and only the sharing of best practices will lead to sustainable solutions. Hence, HDFC's CSR philosophy is to implement projects across states and regions. Our CSR projects are both in rural settlements, as well as in urban areas and involve a diverse mix of communities. Our choice of projects is entirely based on the need of a particular community, and not necessarily dictated by locations where HDFC's business is present.

In **Healthcare**, several diseases can be prevented and treated if they are diagnosed in time. In order to enhance access to affordable healthcare, reduce health costs and prevent incidence of diseases in India, the Corporation supported multiple organisations across India with expertise in detection, prevention & treatment of cancer and renal diseases. We sought to address the importance of improved nutrition for school going children by supporting the construction of mid-day meal kitchens.

We supported projects for the provision of safe and clean drinking water which covered access to clean drinking water for rural households and also supported a world-class research centre that would build affordable & innovative water technologies that can be used across rural India, especially in areas of high arsenic content. HDFC continued to support community-based, holistic sanitation programmes with its ongoing implementing partners in rural districts as well as partnered with an organisation to construct a public toilet in a metropolitan city.

The Corporation undertook projects with partners that focussed on major public health problems such as tuberculosis and leprosy. Such health issues also require greater number of healthcare professionals and therefore we endeavoured to build capacity of frontline health workers that would be the first point of contact for affected patients. We continued to support transformational surgeries which include cochlear implants, craniofacial surgeries and heart transplants for underprivileged children. Post these surgeries, the beneficiaries can enrol in school and lead a normal life. We partnered with organisations that offered specialised therapy services for children who are differently abled.

In **Education**, we supported organisations for their capital and/or operating expenditure so that they are able to achieve scale and sustainability over the long term. The organisations fulfilled either of the following criteria i.e.,(i) located in areas where education is not easily available (ii) addressing a gap in the current education system and (iii) introducing quality education for the middle and lower income class.

We supported projects and programmes at the school level (both government and low income private schools) by providing educational support including scholarship to children from underprivileged backgrounds, offered students additional learning tools (besides what is being offered to them by schools) such as E-learning & supplementary educational aids and encouraged students to stay in schools (i.e. prevent dropouts) by providing them with career guidance.

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We focused on the training and capacity building of school teachers at pre-school, primary and secondary levels. We supported organisations that introduced best practices to teachers, enabled teachers to be more effective and scale their impact. During the year, we continued our support to organisations that offered special education for children with intellectual disabilities.

In **Skilling & Livelihoods**, we expanded our pilot projects from the previous year. The Corporation identified disadvantaged segments of the society where there is a great need to facilitate employment opportunities. Equally, we focussed on sectors that have a great demand for skilled workers or promoted entrepreneurship. For instance, with a view to enhance rural livelihoods, HDFC has supported programmes to develop a livestock based value chain and trained villagers in water deficient locations on effective watershed management techniques.

Women focussed livelihood interventions have demonstrated multi-pronged impact and benefits in the long run. During the year, we have worked with organisations supporting rural women for improving agricultural incomes, livestock rearing and entrepreneurship development. We supported programmes focused on vocational training and job placement/livelihoods of youth who are differently abled.

The construction industry lacks access to skilled manpower and continues to be dominated by migrant workers without any formal training in construction trades. HDFC supported various models for skilling of construction workers which includes training of plumbers and electricians in Government Industrial Training Institutes and on-the-job training for existing construction workers on construction sites.

Apart from our primary focus areas, we identified special projects in other sectors, such as Art & Culture, Sports and Environment.

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. The Corporation has now identified and is comfortable partnering with organisations that have the ability to deliver transformational results on the ground. These organisations which we have built relations with, have a strong governance structure, are aligned with the social objectives of HDFC and have the ability to scale up without losing out on the quality of their programmes.

During the year, the CSR Committee of the Corporation made a conscious decision to utilise the unspent CSR expenditure of ₹ 14.59 crore from financial year 2016-17. Thus, against a prescribed 2% requirement of ₹ 159.69 crore for financial year 2017-18, HDFC spent ₹ **175.97 crore**, which includes ₹ 14.59 crore carried forward from financial year 2016-17.

2. The Composition of the CSR Committee

Mr. Deepak S. Parekh (Chairman)

Mr. D. N. Ghosh (Independent Director)

Mr. Keki M. Mistry (Director)

Ms. Renu Sud Karnad (Director)

Mr. V. Srinivasa Rangan (Director)

During the year under review, the Committee met four times on May 4, 2017, July 26, 2017, October 30, 2017 and March 16, 2018. The details of attendance of the Directors at the said meetings are provided in Report of the Directors on Corporate Governance.

3. **Average net profit of the Company for the last three financial years:** ₹ 7,984.32 crore

4. **Prescribed CSR Expenditure (2% of the amount in Point 3 above):** ₹ 159.69 crore

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

a. **Total amount spent during the financial year 2017-18:** ₹ 175.97 crore *

* includes ₹ 14.59 crore of unspent CSR expenditure, carried forward from financial year 2016-17

b. **Amount unspent, if any:** Not Applicable

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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 ^b | Amount Spent: Direct/ Implementing Agency ^a |
|---------|--|--|--|---------------------------------|--|--|--|
| | | | Districts (State) | ₹ Crore | ₹ Crore | ₹ Crore | |
| 1A | Programmes for the detection, prevention and treatment of cancer, renal diseases and malnutrition | Healthcare (Detection, Prevention & Treatment) | Various Districts (Assam); Surguja (Chhattisgarh); Gandhinagar (Gujarat); Mumbai, Pune, (Maharashtra); New Delhi (New Delhi); Bargarh, Various Districts (Odisha); Udaipur (Rajasthan); Chennai, Vellore (Tamil Nadu); Kolkata (West Bengal) | 17.03 | 17.03 | 21.83 | H T Parekh Foundation & Implementing Agency |
| 1B | Programmes for clean and safe drinking water | Healthcare (Drinking Water) | Raigad (Maharashtra); Chennai (Tamil Nadu) | 11.73 | 11.73 | 11.73 | H T Parekh Foundation |
| 1C | Community driven sanitation programmes in rural areas, urban slums and in public spaces | Healthcare (Sanitation) | Kolhapur, Mumbai, Pune, Raigad (Maharashtra); Pudukkottai (Tamil Nadu); Lucknow (Uttar Pradesh) | 7.21 | 7.21 | 21.54 | H T Parekh Foundation |
| 1D | Community based projects for tribal health, leprosy & tuberculosis and capacity building of frontline health workers | Healthcare (Public health) | Kullu, Mandi (Himachal Pradesh); Amravati, Bhandara, Gadchiroli, Gondia, Pune, Nagpur, Nandurbar, Nashik, Raigad, Thane, Wardha (Maharashtra); Tiruvallur (Tamil Nadu) | 5.68 | 5.68 | 9.35 | 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 ^b | Amount Spent: Direct/ Implementing Agency ^a |
|---------|--|--|---|---------------------------------|--|--|--|
| | | | Districts (State) | ₹ Crore | ₹ Crore | ₹ Crore | |
| 1E | Transformational surgeries including cochlear implants, craniofacial surgeries, heart transplants and therapy services for children with special needs | Healthcare (Child Focused) | Bengaluru (Karnataka); Mumbai, Pune, Thane (Maharashtra); Chennai (Tamil Nadu); Dehradun (Uttarakhand) | 5.05 | 5.05 | 8.52 | H T Parekh Foundation |
| 2A | Capital & operating expenditure for educational institutions and support for academic research | Education (Institutional Support & Research) | Chittoor (Andhra Pradesh); Ahmedabad (Gujarat); Bengaluru (Karnataka); Sonapat (Haryana); Igatpuri, Mumbai, Pune, Lonavla (Maharashtra); New Delhi (New Delhi); Noney (Manipur) | 18.16 | 18.16 | 23.78 | H T Parekh Foundation & Implementing Agency |
| 2B | Educational programmes that includes scholarships, additional learning tools and career guidance | Education (Holistic Development of Children) | Cachar, Barpeta (Assam); Ramgarh, Ranchi (Jharkhand); Ahmednagar, Amravati, Aurangabad, Bhandara, Buldhana, Chandrapur, Gadchiroli, Gondia, Lonavla, Mumbai, Nagpur, Pune, Raigad, Ratnagiri, Sangli, Thane, Wardha, Washim, Yavatmal (Maharashtra); Bishnupur (Manipur); Jaipur, Jodhpur (Rajasthan); Birbhum Howrah, North Dinajpur, South Parganas (West Bengal) | 10.02 | 10.02 | 12.28 | 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 ^b | Amount Spent: Direct/ Implementing Agency ^a |
|---------|---|--|---|---------------------------------|--|--|--|
| | | | Districts (State) | ₹ Crore | ₹ Crore | ₹ Crore | |
| 2C | Training and capacity building of school teachers at pre-school, primary and secondary levels | Education (Teacher Training & Development) | Bengaluru (Karnataka); Palghar (Maharashtra); New Delhi (New Delhi); Chennai (Tamil Nadu); Hyderabad (Telangana) | 5.45 | 5.45 | 9.15 | H T Parekh Foundation |
| 2D | Special education for children and adults with intellectual disabilities | Education (Special Education) | Mumbai (Maharashtra) | 1.46 | 1.46 | 2.66 | H T Parekh Foundation |
| 3A | Rural livelihood enhancement projects (agricultural and non-agricultural) | Skilling & Livelihoods (Rural Livelihoods) | Ahmednagar, Akola, Amravati, Aurangabad, Beed, Buldhana, Dhule, Hingoli, Jalgaon, Jalna, Latur, Nagpur, Nanded, Nandurbar, Nashik, Osmanabad, Parbhani, Pune, Sangli, Satara, Solapur, Raigad, Wardha, Washim, Yavatmal (Maharashtra) | 13.45 | 13.45 | 18.46 | H T Parekh Foundation |
| 3B | Women focussed livelihood programmes | Skilling & Livelihoods (Empowering Women) | Dhamtari, Kanker, Raigarh (Chhattisgarh); Mumbai, Nashik, Pune (Maharashtra); Jhargram, Purulia (West Bengal) | 11.47 | 11.47 | 11.82 | H T Parekh Foundation & Implementing Agency |
| 3C | Vocational training for the differently abled | Skilling & Livelihoods (Persons with Disabilities) | Guwahati (Assam); Bengaluru, Belagavi, Gulbarga, Mysore (Karnataka); Mumbai, Pune (Maharashtra); Coimbatore (Tamil Nadu) | 3.70 | 3.70 | 4.71 | 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 ^b | Amount Spent: Direct/ Implementing Agency ^a |
|---------|---|--|--|---------------------------------|--|--|--|
| | | | Districts (State) | ₹ Crore | ₹ Crore | ₹ Crore | |
| 3D | Skilling of underprivileged youth in construction related trades | Skilling and Livelihoods (Construction Workers) | Ahmedabad (Gujarat); Gumla, Simdega (Jharkhand); Mumbai, Pune (Maharashtra); Bhubaneswar (Odisha); Udaipur (Rajasthan) | 2.46 | 2.46 | 2.46 | H T Parekh Foundation |
| 4 | Special projects which include the promotion of Indian heritage, art & culture and training of Indian athletes for global sporting events | Art and Sports | Mumbai (Maharashtra); New Delhi (New Delhi) | 1.92 | 1.92 | 3.63 | H T Parekh Foundation & Implementing Agency |
| 5 | Programmes for environmental sustainability including recycling, conservation, animal protection and ecology | Environmental Sustainability | Guwahati (Assam); Beed, Mumbai (Maharashtra); Pali (Rajasthan) | 1.18 | 1.18 | 1.20 | H T Parekh Foundation & Implementing Agency |
| 6 | Contribution to the H T Parekh Foundation towards corpus for CSR activities, as per the focus areas listed in HDFC's CSR Policy | Various sectors covered by Schedule VII of the Companies Act, 2013 | Pan India | 60.00 | 60.00 | 130.00 | H T Parekh Foundation |
| | Grand Total | | | 175.97 | 175.97 | 293.12 | |

Notes:

a. **Details of Implementing Agencies:** HDFC carries out its CSR activities through the H T Parekh Foundation and other implementing agencies (non-profit organisations). During the current year, grants have been provided to 96 implementing agencies, of which some significant ones are as below (in alphabetical order):

| Organisation | Sector |
|--|------------------------------|
| Agastya International Foundation | Education |
| Akshaya Patra Foundation | Healthcare |
| ALERT India | Healthcare |
| Balipara Tract and Frontier Foundation | Environmental Sustainability |
| Cancer Institute (WIA) | Healthcare |
| Foundation for Promotion of Sports and Games (OGQ) | Sports |

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| | |
|---|-----------------------------------|
| Foundation for Research in Community Health | Healthcare |
| Gramalaya Trust | Healthcare |
| I Hear Foundation | Healthcare |
| Indian Cancer Society | Healthcare |
| Indian Institute of Technology, Madras | Healthcare |
| International Foundation for Research and Education | Education |
| Jai Vakeel Foundation & Research Centre | Education |
| Mobile Creches (multi location) | Healthcare |
| Paani Foundation | Skilling & Livelihoods |
| PANIIT Alumni Reach for India Foundation | Skilling & Livelihoods |
| PRADAN | Skilling & Livelihoods |
| Quality Education Support Trust | Education |
| Room to Read India Trust | Education |
| SEARCH | Healthcare |
| Shelter Associates | Healthcare |
| Sri Gayathri Medical Mission & Research Foundation | Healthcare |
| Sulabh International Social Service Organisation | Healthcare |
| Swades Foundation | Healthcare/Skilling & Livelihoods |
| Teach to Lead | Education |
| The Bombay Community Public Trust | Multiple Sectors |
| Youth 4 Jobs Foundation | Skilling & Livelihoods |
| Yuva Mitra | Skilling & Livelihoods |

The complete list of implementing agencies is available for inspection.

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

Administrative expenses and overheads of ₹ 1.52 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:**

Not applicable.

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
April 30, 2018

KEKI M. MISTRY
Vice Chairman & CEO

DEEPAK S. PAREKH
Chairman - CSR Committee