

HDFC VENTURE CAPITAL LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY

MARCH 2015

HDFC Venture Capital Limited

Regd Office: 165-166 Backbay Reclamation, H. T. Parekh Marg, Churchgate, Mumbai 400020

DOCUMENT VALIDATION NOTE

HDFC Venture Capital Limited, a public limited company incorporated under the Companies Act, 1956 and having its registered office at 165-166 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, on the recommendation of the CSR Committee, this Policy was reviewed and approved by the Board of Directors of the Company at its meeting held on March 31, 2015 and deemed to have come into effect from March 31, 2015.

Title	Particulars
Reviewing Authority	Corporate Social Responsibility (CSR) Committee of Directors
Document Status	Approved on March 31, 2015
Version	1.0
Effective date	March 31, 2015
Review cycle	Annually or as recommended by the CSR Committee.

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I. BACKGROUND

Corporate Social Responsibility is a company's sense of responsibility towards the community and environment in which it operates. It is the continuing commitment by business to behave ethically and contribute to economic development of the society at large and building capacity for sustainable livelihoods.

The Company believes in conducting its business responsibly, fairly and in a most transparent manner. It continually seeks ways to bring about an overall positive impact on the society and environment where it operates and as a part of its social objectives.

II. ROLE OF CSR COMMITTEE

The Board of Directors of the Company has constituted a Corporate Social Responsibility (CSR) Committee of Directors. The CSR Committee will play the following role in fulfilling the Company's CSR objectives:

- Formulation and review of this CSR Policy indicating the activities to be undertaken by the Company towards CSR initiatives;
- Recommendation of the amount of expenditure to be incurred on the CSR activities;
- 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;
- Monitor and implement this Policy from time to time;
- Annually report to the Board, the status of the CSR activities and contributions made by the Company;
- Any other requirements mandated under the Act and Rules issued thereto.

III. PARTNERING NGOS

The Company would be undertaking the CSR activities by making contributions to not-for-profit organizations (herewith referred to as "Partnering NGOs" in this Policy) including specific funds maintained by the Central/ State Government of India.

The Company shall ensure that the Partnering NGOs have an impeccable track record of service, performance, governance and accountability.

IV. OBJECTIVE

The main objective of this CSR Policy is to lay down guidelines to make CSR a key business process for sustainable development of the society and the environment in which it operates. It aims in enhancing welfare measures of the society based on the immediate and long term social and environmental consequences of the Company's activities in India.

This Policy 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 activities undertaken outside India.

V. CSR AMOUNT

The Company shall endeavour to spend 2% of its average net profits made during the 3 immediately preceding financial years, in pursuance of its corporate social responsibility and subject to Section 135 of the Companies Act, 2013 and the Rules made there under.

Net profits mentioned herein above means, Net Profit of the company as defined under the provisions of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014.

For the purpose of this Policy, the first CSR spending financial year would be 2014-15 and the Net Profit shall mean average of the annual net profits as defined aforesaid in financial years 2011-12, 2012-13 and 2013-14.

The Committee shall recommend to contribute funds for building the CSR capacities of personnel for the Company as well as those of their Implementing Agencies through Institutions with established track records of at least three financial years, but such expenditure including expenditure on administrative overheads shall not exceed 5% of total CSR expenditure of the Company in one financial year.

VI. CSR ACTIVITIES / PROJECTS

Schedule VII of the Companies Act, 2013 lists down the activities which may be included by companies in their corporate social responsibility policies. However, out of the activities listed in Schedule VII of the Companies Act, 2013, the Company currently plans to support, partner and assist various CSR activities in the following areas:

1. Education;
2. Community Development;
3. Child Welfare;
4. Differently abled;
5. Health care and Sanitation;
6. Any other development activity undertaken with the main objective of betterment of society.

The Members of the CSR Committee of the Company shall be authorised to consider other CSR activities that are not falling under the above areas.

VII. PROCESS FOR UNDERTAKING CSR ACTIVITIES / PROJECTS

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

- Execution of sanction letters-cum-Memorandum of Understanding (MoU) with Partnering NGOs, which would detail the key roles and responsibilities of each of the parties.
- The contribution could be for Corpus or a particular project or projects identified by the Company.
- The disbursement of the contribution amount by the Company to the Partnering NGOs shall be made only if they have requisite approvals as required, including but not limited to Section 12AA and 80 G of the Income Tax Act, 1961, etc.
- The disbursement will be made only upon receipt of a request from the Partnering NGOs specifying the amount that is required and the activity for which it is required. Such request should be accompanied with a statement of its activities.
- The Company whilst making any contribution may specify the activities for which it is made and the said amount and any income earned on such amount shall be utilised towards the said CSR activities only.

VIII. MONITORING

The Company shall be entitled to receive the following information from the Partnering NGOs:

- Audited financial statements, including cash flow statements and management accounts within 60 days of the end of the relevant financial year;
- Operational / progress reports from time to time with a consolidated statement of expenses along with the operational / progress reports as requested by the company;
- Copies of any other reports or communications received from the auditors relating to its financial position or affairs which is of a material nature;

- Any information or circumstance which may affect or jeopardise the implementation of the approved activities 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 the 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.

IX. DISSEMINATION OF INFORMATION

The CSR Committee shall report to the Board of the Company, at least on an annual basis, the status of the CSR projects/ activities undertaken by the Company.

Further, a status report on the CSR activities carried out by the Company would be disclosed every year as part of the Directors' Report in the Annual Report.

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