

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 Corporate Social Responsibility (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.

Over the past few years, HDFC's CSR activities have focused on three key sectors – Healthcare & Sanitation, Education and Skilling & Livelihoods. As these sectors are broad based, HDFC has identified and prioritised critical sub-themes within each of these sectors. Apart from these core sectors, HDFC has identified a few special projects in specific sectors such as supporting the Differently Abled, Environment Conservation and Sports. HDFC's CSR activities are not restricted to a particular geographic area and the beneficiaries are from both urban and rural areas. In terms of geographic spread, 43% of HDFC's CSR projects were in the Western region of India, 22% in the North, 22% in the South and 13% were in Eastern region which includes the North East. Our projects are based on areas of established need and experience of our implementing partners. The Corporation's CSR partners are selected based on governance, experience and quality of implementation.

Healthcare formed 39% of the total CSR expenditure during the year. The Corporation continued to support programmes for the detection, prevention and treatment of cancer. India has a high incidence of cancer and despite several public and private health systems, majority of cancers are detected at an advanced stage. Further, cancer is no longer a disease affecting people in urban & semi-urban areas only – it is deeply entrenched in rural India. Consequently, HDFC supported capital and programmatic needs in cancer care. Some of the projects supported were a head & neck cancer specialty hospital and residential accommodation for children who are undergoing treatment for cancer.

During the year, a major cause supported by the Corporation was the prevention and treatment of avoidable blindness. Support for a diabetic retinopathy programme, an ocular oncology centre for early diagnosis and treatment of eye cancer especially among children below 5 years, a hospital specialised in cataract surgeries and screening & subsidised eye surgeries for underprivileged patients were some of the programmes focused in eye care.

HDFC continued to support critical life changing surgeries (i.e. cochlear implants, craniofacial surgeries, liver transplants and heart transplants) with experienced partners for children coming from low income families. Nutritional issues were addressed by supporting mid-day meals programmes in government schools, centralised kitchens that prepare mid-day meals and vehicles that deliver food to schools.

HDFC continued to support sustainable, community driven sanitation programmes as well as supporting programmes that provide access to safe drinking water in areas that have water scarcity and high fluoride content. HDFC collaborated with the Ministry of Drinking Water & Sanitation, Government of India for a project to promote education and behaviour change in rural sanitation practices.

Education constituted 33% of HDFC's CSR expenditure during the year. One of the focus areas was on better learning outcomes, in which the Corporation supported organisations that provided additional learning tools to students (e.g. e-learning and supplementary educational aids) and holistic development of students. The objective was to ensure that students continue with their education and excel in their studies.

India has made significant progress in access to education through various government programmes and the implementation of the Right of Children to Free and Compulsory Education Act. However, as students progress through higher classes, the dropout ratios become more alarming. During the year, the Corporation

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partnered with organisations that had a specific objective of identifying and mainstreaming school dropouts (especially the girl child from rural areas) and improving their learning outcomes in mathematics and language. Additionally, scholarships were offered to deserving students from underprivileged backgrounds. HDFC supported organisations that also mentored and offered career guidance to students.

To enhance the quality of educators in government and affordable private schools, HDFC partnered with organisations on teacher training programmes that enabled them to be more effective and scale their impact. During the year, the Corporation also partnered with organisations that addressed enhancing the quality of the school education system. This included conducting workshops, trainings and building capacities of local communities, school management committees, teachers, Anganwadi workers (pre-primary government educators), head masters and education officers across hierarchies.

HDFC supported organisations that empowered children with special needs through effectively designed curriculum, well-trained teachers and qualified therapists. These schools are accessible to children from all walks of life.

In Skilling and Livelihoods, the Corporation has incrementally scaled up projects with existing partners and identified new partners. The sector contributed to 22% of the CSR expenditure during the year. HDFC's support has primarily been for empowering the excluded and neglected segments of the workforce i.e. unskilled migrant workers, Persons with Disabilities (PwDs) and women. The Corporation has also worked with partners whose core competency is enhancing livelihood opportunities for strengthening the rural economies.

HDFC continued supporting organisations working towards job linked skilling for construction workers. Youth with disabilities need specially designed programmes to facilitate inclusion in the workforce. HDFC partnered with organisations that focused on skilling and job placement of PwDs and worked with employers to create inclusive work places. The women focussed livelihoods projects included programmes for women entrepreneurs, spinners and weavers, young girls training to be healthcare professionals such as optometrists and nurse aides.

Taking cognisance of the severe drought that Maharashtra has been facing year after year, HDFC supported a project that trains and equips villagers with both technical know-how (on building water conservation structures and implementing saving technologies) as well as leadership skills to tackle the issue of drought in their villages.

In Community Development, the Corporation contributed towards the efforts of rebuilding homes in Kerala that were severely damaged due to the devastating floods in August 2018. HDFC has supported the construction of 75 disaster resilient houses for families belonging to the lower socio economic groups, in the worst affected villages of Paravoor region in Ernakulam District and Kuttanad region of Alleppey District. The project is being implemented through two local partners in consultation with HDFC, local communities, technical consultants and the Panchayat (village local governance) administration.

Some of the **other Special Projects** were in Environment, where HDFC supported ecology & conservation efforts in two tiger reserves. Towards the promotion of Sports, HDFC supported athletes for shooting, wrestling and archery, where the athletes were selected on the basis of talent, consistent performance and potential to win an Olympic medal for India.

2. The Composition of the CSR Committee

Mr. Deepak S. Parekh (Chairman)

Mr. Jalaj Dani (Independent Director)

Mr. Keki M. Mistry (Director)

Ms. Renu Sud Karnad (Director)

Mr. V. Srinivasa Rangan (Director)

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Mr. D. N. Ghosh, Independent Director consequent to his resignation as a Director of the Corporation effective April 30, 2018, ceased to be a member of the Committee from that date. During the year under review, the Committee met four times on April 30, 2018, July 30, 2018, January 29, 2019 and March 6, 2019. 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: ₹ 8,340.57 crore
4. Prescribed CSR Expenditure (2% of the amount in Point 3 above): ₹ 166.81 crore
5. Details of CSR spent during the financial year:
 - a. Total amount spent during the financial year 2018-19: ₹ 173.52 crore
 - b. Amount unspent, if any: Nil
 - 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 ⁱⁱ | Amount Spent: Direct/ Implementing Agency ⁱ |
|---------|--|--|---|---------------------------------|--|---|--|
| | | | Districts (State) | ₹ Crore | ₹ Crore | ₹ Crore | |
| 1A | Programmes for the detection, prevention & treatment of cancer, renal diseases, eye diseases & institutional support | Healthcare (Detection, Prevention & Treatment) | Vizianagaram, West Godavari (Andhra Pradesh); Jorhat (Assam); Dahod, Kutch, Valsad (Gujarat); Dhanbad, Ramgarh, Seraikela (Jharkhand); Bengaluru (Karnataka); Ahmednagar, Latur, Mumbai, Nashik, Raigad, Sangli (Maharashtra); Balangir, Balasore, Bhadrak, Khurda, Gajapati, Kalahandi, Kandhamal, Kendrapada, Koraput, Malkangiri, Narsinghpur, Nawarangpur, Nayagarh, Puri, Rayagada, (Odisha); Chennai, Vellore (Tamil Nadu); Ballia (Uttar Pradesh); Kolkata, Siliguri (West Bengal) | 26.30 | 26.30 | 38.17 | 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 ⁱⁱ | Amount Spent: Direct/ Implementing Agency ⁱ |
|---------|--|--|---|---------------------------------|--|---|--|
| | | | Districts (State) | ₹ Crore | ₹ Crore | ₹ Crore | |
| 1B | Transformational surgeries including cochlear implants, craniofacial surgeries, heart surgeries and therapies for children with special needs, malnutrition support, child protection & safety | Healthcare (Child Focused) | Surguja (Chhattisgarh); Bengaluru (Karnataka); Kochi (Kerala); Barwani, Betul, Bhind, Chhindwara, Damoh, Dewas, Gwalior, Jhabua, Mandla, Mandsaur, Raisen, Satna, Shahdol, Tikamgarh, Vidisha (Madhya Pradesh); Mumbai, Palghar, Pune, Raigad, Thane (Maharashtra); Bargarh (Odisha); New Delhi (Delhi); Udaipur (Rajasthan); Chennai (Tamil Nadu); Kolkata (West Bengal) | 14.76 | 14.76 | 41.92 | H T Parekh Foundation & Implementing Agency |
| 1C | Safe drinking water and sanitation programmes | Healthcare (Drinking Water & Sanitation) | Ahmedabad (Gujarat); Mumbai, Panvel (Maharashtra); New Delhi (Delhi); Jodhpur, Pali, Sirohi (Rajasthan) | 8.32 | 8.32 | 10.41 | H T Parekh Foundation & Implementing Agency |
| 1D | Programmes for leprosy, tuberculosis & menstrual hygiene | Healthcare (Public Health) | Amravati, Bhandara, Gondia, Mumbai, Nagpur, Raigad, Thane (Maharashtra); Pali, Sirohi (Rajasthan) | 2.04 | 2.04 | 4.94 | 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 ⁱⁱ | Amount Spent: Direct/ Implementing Agency ⁱ |
|---------|---|--|---|---------------------------------|--|---|--|
| | | | Districts (State) | ₹ Crore | ₹ Crore | ₹ Crore | |
| 2A | Capital & operating expenditure for educational institutions and support for academic research | Education (Institutional Support & Research) | Chittoor (Andhra Pradesh); Panjim (Goa); Ahmedabad (Gujarat); Gurugram (Haryana); Bengaluru (Karnataka); Ernakulam (Kerala); Igatpuri, Raigad, Mumbai (Maharashtra); New Delhi (Delhi); Jaipur (Rajasthan) | 19.22 | 19.22 | 37.12 | H T Parekh Foundation & Implementing Agency |
| 2B | Programmes to support scholarships and learning aids for lifeskills and all-round development of children and youth | Education (Holistic Development & Retaining Children in Schools) | Guwahati (Assam); Bengaluru (Karnataka); Barwani, Khandwa (Madhya Pradesh); Amravati, Mumbai, Palghar, Pune, Wardha, All Districts of Vidarbha (Maharashtra); New Delhi (Delhi); Jaipur, Kishanganj, Laxmangarh, Sawai Madhopur, Pindwara (Rajasthan); Dehradun (Uttarakhand); Farrukhabad, Lucknow (Uttar Pradesh); South 24 Parganas, Kolkata (West Bengal) | 12.40 | 12.40 | 22.43 | 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 ⁱⁱ | Amount Spent: Direct/ Implementing Agency ⁱ |
|---------|---|--|---|---------------------------------|--|---|--|
| | | | Districts (State) | ₹ Crore | ₹ Crore | ₹ Crore | |
| 2C | Training and capacity building of school teachers at pre-school, primary and secondary levels | Education (Teacher Training & Development) | Dumka, East Singhbhum, Hazaribag, Koderma, Ranchi (Jharkhand); Bengaluru (Karnataka); Amravati, Gadchiroli, Mumbai, Nandurbar, Nasik, Palghar, Parbhani, Pune, Thane (Maharashtra); New Delhi (Delhi); Chennai (Tamil Nadu); Hyderabad, Khammam (Telangana) | 10.30 | 10.30 | 19.92 | H T Parekh Foundation & Implementing Agency |
| 2D | Special education for children and adults with intellectual disabilities | Education (Special Education) | Vadodara (Gujarat); Mumbai (Maharashtra); New Delhi (Delhi); Chennai (Tamil Nadu) | 2.34 | 2.34 | 4.76 | H T Parekh Foundation & Implementing Agency |
| 3A | Rural livelihoods enhancement projects (agricultural and non-agricultural) | Skilling & Livelihoods (Rural Livelihood) | Guwahati (Assam); Chikkaballapur (Karnataka); Ahmednagar, Akola, Amravati, Aurangabad, Beed, Buldhana, Dhule, Hingoli, Jalgaon, Jalna, Latur, Nanded, Nandurbar, Nagpur, Nasik, Osmanabad, Parbhani, Pune, Sangli, Satara, Solapur, Wardha, Washim, Yavatmal (Maharashtra); Koraput (Odisha); Madurai, Pudukkottai (Tamil Nadu) | 15.59 | 15.59 | 30.60 | 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 ⁱⁱ | Amount Spent: Direct/ Implementing Agency ⁱ |
|---------|---|--|---|---------------------------------|--|---|--|
| | | | Districts (State) | ₹ Crore | ₹ Crore | ₹ Crore | |
| 3B | Skilling of underprivileged youth in construction industry trades | Skilling and Livelihoods (Construction Workers) | Ahmedabad (Gujarat); Gumla, Simdega (Jharkhand); Bengaluru (Karnataka); New Delhi (Delhi); Kalahandi (Odisha); Udaipur (Rajasthan); Mirzapur (Uttar Pradesh); Murshidabad (West Bengal) | 5.11 | 5.11 | 7.25 | H T Parekh Foundation |
| 3C | Vocational training & development for the differently abled | Skilling & Livelihoods (Persons with Disabilities) | Belgaum, Bengaluru, Kalaburagi, Mysore (Karnataka); Mumbai (Maharashtra); Chennai, Tirunelveli (Tamil Nadu); Kolkata (West Bengal) | 4.21 | 4.21 | 5.40 | H T Parekh Foundation & Implementing Agency |
| 3D | Women focused skilling & livelihood enhancement programmes | Skilling & Livelihoods (Empowering Women) | Saran (Bihar); Kutch (Gujarat); Mumbai, Nashik, Pune, Thane, Wardha (Maharashtra); New Delhi (Delhi) | 4.00 | 4.00 | 7.27 | H T Parekh Foundation |
| 4 | Projects to construct disaster resilient houses and programmes for the upliftment of marginalised / vulnerable communities | Community Development | Kawardha (Chhattisgarh); Alleppey, Kochi (Kerala); Mumbai (Maharashtra); Varanasi (Uttar Pradesh) | 3.17 | 3.17 | 3.65 | H T Parekh Foundation & Implementing Agency |
| 5 | Programmes for environmental sustainability including recycling, conservation, animal & wildlife protection and the ecology | Environmental Sustainability | Kangra (Himachal Pradesh); Bengaluru (Karnataka); Satpura (Madhya Pradesh); Chandrapur, Palghar, Pune (Maharashtra); Kandhamal (Odisha); Chittorgarh, Pali (Rajasthan) | 4.11 | 4.11 | 6.74 | 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 ⁱⁱ | Amount Spent: Direct/ Implementing Agency ⁱ |
|---------|---|--|---|---------------------------------|--|---|--|
| | | | Districts (State) | ₹ Crore | ₹ Crore | ₹ Crore | |
| 6 | Special projects which include the promotion of performing arts and training of Indian athletes for global sporting events | Art and Sports | Bengaluru, (Karnataka); Mumbai (Maharashtra); New Delhi (Delhi) | 1.65 | 1.65 | 3.88 | Implementing Agency |
| 7 | 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 | | 40.00 | 40.00 | 170.00 | H T Parekh Foundation |
| | Total | | Grand Total | 173.52 | 173.52 | 414.46 | |

Notes:

- I. **Details of Implementing Agencies:** HDFC carries out its CSR activities through the H T Parekh Foundation and other implementing agencies (non-profit organisations). Some significant ones are as below (in alphabetical order):

Organisation

Agastya International Foundation
ALERT India
Annamrita Foundation
CanCare Charitable Trust
Changanacherry Social Service Society & Ernakulam Social Service Society
Enable India
Foundation for Promotion of Sports and Games
Foundation to Educate Girls Globally
Harsha Trust
Indian Institute of Technology Madras
Jai Vakeel Foundation and Research Centre
Mahila Housing SEWA Trust
Mann Deshi Foundation
Medical Research Foundation
Mobile Creches (Delhi, Pune, Mumbai)
Nudge Lifeskills Foundation
Paani Foundation
Pan IIT Alumni Reach for India Foundation
Project with the Ministry of Drinking Water & Sanitation

Sector

Education
Healthcare
Healthcare
Healthcare
Community Development
Skilling for the Differently Abled
Sports
Education
Skilling & Livelihoods
Differently Abled
Special Education
Sanitation
Skilling & Livelihoods
Healthcare
Healthcare
Skilling & Livelihoods
Skilling & Livelihoods
Skilling & Livelihoods
Sanitation

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| | |
|--|--|
| Sampark Foundation | Education |
| St. Jude India Childcare Centres | Healthcare |
| Teach to Lead | Education |
| The Akshaya Patra Foundation | Healthcare |
| The Bombay Community Public Trust | Community Development |
| Ummeed Child Development Centre | Healthcare (Children with Special Needs) |
| Vision Foundation of India | Healthcare |
| Yugrishi Shriram Sharma Acharya Charitable Trust | Healthcare / Skilling & Livelihoods |
| Yuva Unstoppable | Healthcare & Education |

The complete list of implementing agencies is available for inspection.

- II. 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 ₹ 2.10 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
May 13, 2019

KEKI M. MISTRY
Vice Chairman & CEO

DEEPAK S. PAREKH
Chairman - CSR Committee