

POLICY ON CORPORATE SOCIAL RESPONSIBILITY

HDFC Credila Financial Services Private Limited (the Company), a Private Limited Company incorporated under the Companies Act, 1956 and having its registered office at B-301, Citi Point, Andheri – Kurla Rd., Andheri (E), Mumbai - 400059, has formulated and adopted this Corporate Social Responsibility Policy 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 constituted under this Act, this Policy was reviewed and approved by the Board of directors of the Company at its meeting held on October 18, 2014, and deemed to have come into effect from April 1, 2014.

Title	Particulars
Reviewing Authority	Corporate Social Responsibility (CSR) Committee of Directors
Approving Authority	Board of Directors of the Company
Document Status	Approved by the Board on October 18, 2014
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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 society 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; and

Formulation of a transparent monitoring mechanism for ensuring implementation of the projects/ programmes/ activities proposed to be undertaken by the ensuring implementation 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 mandate under the Act and Rules issued there to

III. PARTNERING ORGANISATION

The Company would be undertaking the CSR activities by making contribution through a registered trust or a registered society or a company established by the Company or its holding Company under section 8 of the Act. As regard, entering in partnership with organisations are concerned, the Company shall ensure that the said organisations have a good track record of service and performance.

All the aforementioned organisations will be referred to as "Partnering NGOs" in this Policy.

IV. OBJECTIVE

The main objective of this CSR Policy is to lay down guidelines to make CSR a key business process for the welfare of the society and the environment in which it operates.

This Policy specifies the projects and programmes that can be undertaken, provides a 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 through a registered trust or a registered society or a company established by the Company or its holding Company under section 8 of the Act. 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, subjects 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 ensure that it spends, in every financial year, at least 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.

Average net profits mentioned hereinabove means, net profit before tax as per the books of accounts of the Company as computed under section 198 of the Act.

For the purpose of this Policy, the first CSR spending would be for financial year 2014-2015 and then average net profit shall mean average of the annual net profits of the three preceding financial years i.e. financial years 2011-2012, 2012-2013 and 2013-2014.

VI. SPENDING OF CSR AMOUNT

The CSR Committee will decide on the following with regard to spending of CSR amount:

Amount to be used for funding various development organization and grass-foot level organisations; and

Any surplus arising from CSR projects or programs or activities will not form part of the business profits of the Company.

Any income arising from the contribution received and surplus arising out of the CSR activities will be used for CSR only.

The Committee shall recommend to contribute funds for building the CSR capacities of personnel for the Company as well as contribute for the same to external institutions (with established track records of at least three financial years in undertaking such activities), through which it may undertake its CSR activities, but such expenditure shall not exceed 5% of total CSR expenditure of the company in one financial year.

VII. CSR ACTIVITIES/PROJECTS

Schedule VII to the Companies Act, 2013 list down the activities which may be included by companies in their corporate social responsibilities policies. The said activities relates to –

- (i) eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making

available safe drinking water:

- (ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- (iii) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- (iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.
- (v) protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts:
- (vi) measures for the benefit of armed forces veterans, war widows and their dependents;
- (vii) training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;
- (viii) contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Caste, the Scheduled Tribes, other backward classes, minorities and women;
- (ix) contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government
- (x) rural development projects

The Company would support, partner and assist one or more than one of the CSR activities mentioned above not falling within the normal course of business of the Company, further such activities shall be undertaken only with the recommendation of the CSR committee and approval of the Board.

However, 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 provided such activities are not undertaken in the normal course of business and further that preference is given to local areas and areas around which the Company operates.

VIII. PROCESS FOR UNDERTAKING CSR ACTIVITIES/ PROJECTS

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

Execution of Memorandum OF Understanding (MoU) with other Partnering NGOs, which would detail the key roles and responsibilities of each of the parties.

The contribution would be for a particular projects 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 approval including but not limited to under Section 11(2) of the Foreign Contribution (Regulation) Act, 2010, Section 12AA, 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 past activities. Such amount shall be within the limits as recommended by the CSR Committee and approved by the Board under the Companies Act 2013 and for such activities as recommended by the CSR Committee and further approved by the Board.

The Company whilst making any contribution may specify the activities for which it is made and the said amount and any interest or other income earned on such amount shall not form part of the business profits of the Company and shall be utilised towards the said activities only.

IX. 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;

Quarterly operational / progress reports from time to time within 45 days of the end of each month along with a consolidated statement of expenses along with the operational / progress report mentioned above.

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 projects plan or the 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 person 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 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.

X. 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 along with the report on the impact created by such projects/ activities.

The Company shall also upload this Policy on its website www.credila.com. Further, a detailed status report on the CSR activities carried out by the Company would be disclosed every year as a part of the Directors' Report in the Annual Report. The said information would also be uploaded on the website of the Company.

The CSR Committee will also make a Responsibility Statement in the Annual Report stating that the CSR policy implementation and monitoring thereof is, in letter and spirit, in compliance with its CSR objectives.