

SRG HOUSING FINANCE LIMITED



CORPORATE SOCIAL RESPONSIBILITY POLICY

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A policy to provide for Corporate Social Responsibility of the Company in line with regulatory guidelines.

I. INTRODUCTION

To pay back the community throughout the SRG Housing Finance Limited's ("SRGHFL" or "the Company") growth journey, this policy has been formulated to inculcate the objective of society betterment and philanthropy in its growth plan.

II. GOVERNING LAWS

i. The Companies Act, 2013

Section 135 of The Companies Act, 2013 ("the Act") states that every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director. The committee shall formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company in areas or subject, specified in Schedule VII, recommend the amount of expenditure to be incurred on the activities, monitor the Corporate Social Responsibility Policy of the company from time to time. The Board shall ensure that the company spends, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy etc.

ii. The Companies (Corporate Social Responsibility Policy) Rules, 2014;

iii. Other applicable guidelines.

III. APPLICABILITY

i. Pursuant to Section 135 of the Act, CSR Provisions shall be applicable to every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year.

ii. Since as per the Un-Audited Financial Results of the Company for the Quarter and Nine Months Ended December 31, 2017, net profit of the Company crossed Rs. 5 Cr, the CSR provisions becomes applicable to the Company from the financial year 2018-19.

iii. Accordingly, the board of directors in their meeting held on 23rd March, 2018 on recommendation of CSR Committee approved and adopted SRG Housing Finance Limited's Corporate Social Responsibility Policy.

IV. SHORT TITLE

This policy may be known as "**SRGHFL's Corporate Social Responsibility Policy**".

V. DEFINITIONS

In this policy, unless the context otherwise requires:

- i. "Act" means The Companies Act, 2013;
- ii. "Rules" means The Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time;
- iii. "Annexure" means the Annexure appended to this policy;
- iv. "Corporate Social Responsibility (CSR)" means and includes but is not limited to:-
 - a. Projects or programs relating to activities specified in Schedule VII to the Act; or
 - b. Projects or programs relating to activities undertaken by the board of directors of the Company (Board) in pursuance of recommendations of the CSR Committee of the Board as per declared CSR Policy of the Company subject to the condition that such policy will cover subjects enumerated in Schedule VII of the Act;
- v. "CSR Committee" means the Corporate Social Responsibility Committee constituted/re-constituted by the Board of Directors of the Company;
- vi. "Net profit" means the net profit of a company as per its financial statement prepared in accordance with the applicable provisions of the Act but shall not include the following, namely :-
 - a. any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and
 - b. any dividend received from other companies in India, which are covered under and complying with the provisions of Section 135 of the Act.

Provided that net profit in respect of a financial year for which the relevant financial statements were prepared in accordance with the provisions of the Companies Act, 1956 (1 to 1956) shall not be required to be re-calculated in accordance with the provisions of the Act;

Provided further that in case of foreign Company covered under these rules, net profit means the net profit of such Company as per profit and loss account prepared in terms of clause (a) of sub section of section 381 read with Section 198 of the Act.
- vii. Company means SRG Housing Finance Limited (SRGHFL);
- viii. " Board" means Board of Directors of the Company.

Words and expressions used and not defined in this policy but defined in the Act or Rules shall have the same meanings respectively assigned to them in the Act & Rules thereto.

VI. KEY ELEMENTS

i. Corporate Social Responsibility Committee

a. Composition:

CSR Committee shall constitute the following members of Board:

1. Mr. Nishant Badala- Independent Director- Chairman
2. Mr. Vinod K. Jain, Managing Director-Member
3. Mrs. Seema Jain, Non- Executive Director- Member

Further Board of Directors of the company may as and when required modify the composition of CSR committee.

b. Role of CSR Committee:

Role of CSR Committee shall include but not limited to the following:

1. Formulate and recommend to the board, a Corporate Social Responsibility policy in compliance with Section 135 of the Act and periodically review the policy.
2. Identify the activities to be undertaken as Corporate Social Responsibility and recommend it to the Board of Directors.
3. Recommend the amount of CSR expenditure to be incurred on the CSR activities undertaken by the Company.
4. Institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company.
5. Monitor the implementation of the CSR Policy from time to time.
6. Obtain independent Professional advice/assistance with regard to CSR matters as and when required.
7. Review the Annual Budget, expenditure with respect to CSR programs.
8. Review the disclosures relating to Corporate Social Responsibility in accordance with regulatory provisions.
9. Review the CSR activities undertaken during the year.
10. To work with the management to establish and develop the Company's strategic framework and objectives with respect to Corporate Social Responsibility matters.
11. To form and delegate authority to any sub-committee or employee(s) of the Company or one or more members of the committee.

c. Meetings of CSR Committee

The CSR Committee shall meet as and when required provided the committee shall meet atleast twice a year to review the CSR activities undertaken or to be undertaken by the Company and to perform its role as specified in this policy. The Committee may meet at such place and at such time as may be required by the Committee within the business hours of the Company.

ii. CSR Expenditure

a. SRGHFL shall spend, in every financial year, at least two per cent of the average net profits of the Company made during the three immediately preceding financial years, in pursuance of SRGHFL's Corporate Social Responsibility Policy.

b. If SRGHFL fails to spend such amount as mentioned above, the Board shall, in its report made under clause (o) of sub-section (3) of Section 134 of the Act, specify the reasons for not spending the amount.

c. Net Profit shall not include such sums as may be prescribed, and shall be calculated in accordance with the provisions of Section 198.

d. CSR expenditure shall include all expenditure including contribution to corpus, or on projects or programs relating to CSR activities approved by the Board on the recommendation of SRGHFL's CSR Committee. It shall also include expenditure on wages and salaries, tour and travels, training and development of personnel deputed on CSR activities but do not include any expenditure or item not in conformity or not in line with activities which fall within the approved CSR activities. The CSR activities undertaken in India only shall amount to CSR Expenditure.

e. The CSR Expenditure that remains unspent / unutilized for the particular year shall be carried forward to the next year.

iii. Identification and implementation of CSR Activities

a. The CSR Committee shall identify such specific programs/projects/activities undertaken as CSR. The CSR Activities would be chosen for implementation by the Company in compliance with the provisions of Section 135 read together with Schedule VII of the Act.

b. After recommendation of the said CSR activities by the Committee the Boards of Directors give approval to the said activities and express its consent to the Committee to pursue the said activities.

c. The following activities can be performed as CSR as per Schedule VII of the Act.

Activities relating to:—

1. eradicating extreme hunger and poverty;
2. promotion of education;
3. promoting gender equality and empowering women;
4. reducing child mortality and improving maternal health;
5. combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases;
6. ensuring environmental sustainability;

7. employment enhancing vocational skills;

8. social business projects;

9. contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women; and

10. such other matters as may be prescribed.

Post identification of potential areas/projects/activities/programs, CSR Committee to ensure adequate due diligence of the proposed activities to be undertaken.

d. Out of the above CSR activities, the Committee shall decide which activity/project should be given priority for the respective financial year.

e. After prioritizing the activities the Committee shall finalize the detail implementation project/programme, including planning for expenses against the total budget allocated for CSR activities.

f. While implementing CSR activities preference would be given to the local areas and States where the Company has its offices.

g. The Company may perform CSR activities through:

1. a Company established under Section 8 of the Act or a registered trust or a registered society, established by the company, either singly or along with any other company, or

2. a Company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government or any entity established under an Act of Parliament or a State legislature.

Provided that –

If the Board of the Company decides to undertake CSR activities through a Company established under section 8 of the Act or a registered trust or a registered society, other than those specified above, such company or trust or society shall have an established track record of three years in undertaking similar programs or projects;

and

The Company has specified the projects or programs to be undertaken, the modalities of utilisation of funds of such projects and programs and the monitoring and reporting mechanism.

h. SRGHFL may also collaborate with other Companies for undertaking projects or programs or CSR activities in such a manner that the CSR Committees of respective Companies are in a position to report separately on such projects or programs in accordance with The Companies (Corporate Social Responsibility Policy) Rules, 2014.

i. The CSR projects or programs or activities that benefit only the employees of the Company and their families shall not be considered as CSR activities in accordance with Section 135 of the Act.

j. Company may build CSR capacities of its own personnel 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 five percent of total CSR expenditure of the Company in one financial year.

k. Contribution of any amount directly or indirectly to any political party under Section 182 of the Act, shall not be considered as CSR activity.

l. The CSR Committee shall monitor the implementation of the CSR Policy through periodic reviews of the CSR activities.

m. The respective CSR personnel will present their annual budgets along with the list of approved CSR activities conducted by the Company to the CSR Committee together with the progress made from time to time as a part of the evaluation process under the monitoring mechanism.

n. The CSR Committee may appoint external agencies to evaluate the CSR Projects and monitor its progress. The Committee would constantly monitor the implementation of the CSR Project and utilization of the CSR amount.

v. Treatment of Surplus arising out of CSR Activities

It is hereby stated that any surplus arising out of the CSR activities shall not form part of business profits of the Company.

vi. Responsibility of Board

a. The Board shall ensure that the Company spends, every financial year, at least two percent of the average net profits of the Company made during the preceding three financial years as prescribed under the Companies Act, 2013 towards CSR initiative.

b. Board of Directors shall ensure that activities included by a company in its CSR Policy are related to the activities included in schedule VII of the Act. The CSR Activities does not include the activities undertaken in pursuance of normal course of business of Company. The CSR projects or programs or activities that benefit only the employees of the company and their families shall not be considered as CSR activities in accordance with Section 135 of the Act.

viii. CSR Reporting

a. With effect from financial year 2018-19, the report of the Board of Directors of the Company shall include an annual report duly signed by the Managing Director and Chairman of the CSR Committee, on CSR which shall contain the following:

1. Brief outline of CSR policy, including overview of projects or Programme proposed to be undertaken by the Company;
2. Composition of CSR committee;
3. Average Net profit of the Company for the last three financial years;
4. Prescribed CSR expenditure (Two percent of the average net profit made during the three immediately preceding financial years);
5. Details of CSR spent during the financial year;

- i. Total amount to be spent for the financial year;
- ii. Amount unspent, if any;
- ii. Manner in which the amount is spent during the financial year.

6. The reasons for not spending the required amount in the Boards' report;

7. Responsibility Statement of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with the CSR objectives and policy of the Company.

b. Publish the details of CSR Policy on the Company's website i.e. www.srghousing.com.

VII. GENERAL

a. The Board shall have the right to modify or change the policy from time to time.

b. Any or all provisions of the CSR policy would be subject to revision / amendment in accordance with the guidelines on the subject as may be issued from Regulatory Authorities, from time to time.

VIII. APPROVAL/REVISION HISTORY

This policy is framed by CSR Committee and approved by Board of Directors in their meeting held on March 23, 2018.

Sd/-
Vinod K. Jain
Managing Director
