

Annex to Directors' Report - 3

Annual Report on Corporate Social Responsibility (CSR) Activities

1. **Brief outline of the company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference of the web-link of the CSR policy and projects or programmes.**

Overview of HDFC's CSR activities:

While India has been growing rapidly over the years, the economic growth has not percolated to vast sections of society. For India to be on a sustainable growth path, a holistic approach is required for social development. Housing Development Finance Corporation Limited (HDFC) recognises that India's social problems are complex and the issues require multifaceted approaches to address them. Hence, HDFC strives to work across a range of social interventions and development initiatives to facilitate deep and long term impact for a developed and inclusive society. HDFC has been making consistent efforts over the years towards economic and social upliftment of the marginalised sections of society.

In 1988, HDFC established a fund called the Shelter Assistance Reserve (SAR) with the main objective of participating and supporting worthwhile social projects. HDFC has been annually transferring a part of its net profits to SAR for CSR activities.

To commemorate the enormous contribution of late Shri H. T. Parekh, Founder Chairman of HDFC, to the development of housing finance and other financial sectors in India, HDFC incorporated the H T Parekh Foundation (Foundation) as a not-for-profit company in October 2012. The Foundation has been incorporated with the aim to undertake, pursue and be concerned with the welfare, betterment and advancement of society. HDFC has committed to support the activities carried on by the Foundation.

HDFC has identified social sectors which include education, health and sanitation, community development, child welfare and livelihood and supporting differently abled persons as important pillars of social and economic development.

During the financial year ended March 31, 2015, HDFC supported a number of educational initiatives such as primary and secondary school education (rural and urban), girl child education, scholarships, alternate educational programmes, special education, teacher training and vocational skills training for underprivileged children and youth who have not been able to complete their formal education. In healthcare, HDFC has been a strong supporter of institutions that work towards the prevention, treatment, rehabilitation and palliation of cancer patients. HDFC also provided financial assistance to community based hospitals serving the rural population. Recognising the health related risks attached to poor sanitation and hygiene awareness, HDFC associated with organisations focusing on urban slum sanitation.

HDFC supports initiatives towards the health, safety, nutrition and development of children across India. Support was extended to organisations working with children of construction labourers, day care and early childhood centres, homes for abandoned and orphaned children, institutions educating children with physical and mental disabilities for livelihood, so that these children grow up to become responsible and financially independent adults.

HDFC also supported organisations promoting environment preservation, conservation of art and culture and Indian athletes competing at an international level.

CSR Policy:

The CSR Policy, on the recommendation of the CSR Committee, has been approved by the Board of Directors of HDFC and is available on HDFC's website: <http://hdfc.com/policies/CSRPolicy.pdf>

2. **The Composition of the CSR Committee**

Mr. Deepak S. Parekh (Chairman)

Mr. D. N. Ghosh

Mr. Keki M. Mistry

Ms. Renu Sud Karnad

Mr. V. Srinivasa Rangan

Annual Report on Corporate Social Responsibility (CSR) Activities (Continued)**3. Average net profit of the company for the last three financial years**

₹ 6,130.73 crore

(For the financial years 2011-12, 2012-13 and 2013-14)

4. Prescribed CSR Expenditure (2% of the amount in Point 3 above)

₹ 122.61 crore

5. Details of CSR spent during the financial year**(a) Total amount spent during the financial year 2014-15:**

₹ 49.18 crore *

* This includes the total amount committed and disbursed during the year, the details of which are explained below:

- i. During the year, HDFC disbursed ₹ 18.07 crore across a broad spectrum of social sectors not confined by geographic area or demographic factors. A large part of this was contributed to the Foundation to undertake projects and activities across various identified sectors (Refer to Section 5(c) for details).
- ii. ₹ 8.84 crore was spent by the Foundation during the year, which was contributed by HDFC prior to April 1, 2014 (Refer to Section 5(d) for details). Accordingly, the total amount disbursed towards CSR activities during the year under review stood at ₹ 26.91 crore.
- iii. Additionally, there are certain projects that required a 2-3 year implementation timeframe for a sustainable and meaningful impact. An amount of ₹ 22.27 crore has been committed towards such projects, for which the first disbursement was made during the year under review.

Taken together, the total amount committed and disbursed during the year was ₹ 49.18 crore.

(b) Amount unspent, if any

₹ 73.43 crore (after considering the committed and disbursed amount).

(c) Manner in which the amount spent during the financial year is detailed below:

Sr. No.	CSR Project /Activity	Sector	Locations	Amount Outlay (Budget) on Projects or Programmes	Amount Spent (Direct) on Projects or Programmes	Cumulative Expenditure upto Reporting Period	Amount Spent: Through Implementing Agency*
			District (State)	₹ Crore	₹ Crore	₹ Crore	₹ Crore
1	Nutrition Programmes, Day Care Centres & After School Programmes for Underprivileged Children	Child Welfare (Overall Child Development)	Pune (Maharashtra); New Delhi; Ahmedabad (Gujarat)	0.31	0.31	0.31	0.31
2	Shelter/Homes for Orphans, Abandoned and Underprivileged Children	Child Welfare (Setting up Homes for Orphans)	Pune (Maharashtra); Aurangabad (Maharashtra); Sangli (Maharashtra); Ratnagiri (Maharashtra)	0.20	0.20	0.20	0.20

Annual Report on Corporate Social Responsibility (CSR) Activities (Continued)

Sr. No.	CSR Project /Activity	Sector	Locations	Amount Outlay (Budget) on Projects or Programmes	Amount Spent (Direct) on Projects or Programmes	Cumulative Expenditure upto Reporting Period	Amount Spent: Through Implementing Agency*
			District (State)	₹ Crore	₹ Crore	₹ Crore	₹ Crore
3	Rehabilitation of Socially & Economically Marginalised Groups	Community Development (Measures to Reduce Inequalities)	Mumbai (Maharashtra)	0.85	0.85	0.85	0.85
4	Supporting Flood Affected Victims during Natural Calamities, Aid to Indian Armed Forces	Community Development (Support to Government Initiatives)	Jammu & Kashmir; Maharashtra	0.68	0.68	0.68	0.68
5	Raising Awareness on Maternal Health, Sanitation and Malnutrition, Prevention of Violence against Women, Livelihood Programmes for Young Girls	Community Development (Empowering Women)	Pune (Maharashtra); Thane (Maharashtra); Mumbai (Maharashtra)	0.60	0.47	0.47	0.47
6	Setting Up and Running Homes for the Physically and Mentally Challenged	Differently Abled (Institutional Support)	Raigad (Maharashtra); Pune (Maharashtra)	2.10	2.10	2.10	2.10
7	Specialised Health Aid for Children and Young Adults with Physical Handicaps	Differently Abled (Promoting Healthcare)	Bengaluru (Karnataka)	0.20	0.06	0.06	0.06
8	Vocational Training to School Dropouts and Unemployed Youth	Education (Vocational Skills for Livelihood)	Raipur (Chhattisgarh)	0.36	0.36	0.36	0.36
9	Educational Development Through Life skills, Gender Equality & Socio economic Skills for Children from Economically Weak Backgrounds, Scholarships	Education (Promoting Education for Children)	Palghar (Maharashtra); Mumbai (Maharashtra)	0.28	0.28	0.28	0.28
10	Strengthening Infrastructure in Tiger Reserves	Environment (Ensuring Environmental Sustainability & Animal Welfare)	Sawai Madhopur (Rajasthan)	0.08	0.08	0.08	0.08

Annual Report on Corporate Social Responsibility (CSR) Activities (Continued)

Sr. No.	CSR Project /Activity	Sector	Locations	Amount Outlay (Budget) on Projects or Programmes	Amount Spent (Direct) on Projects or Programmes	Cumulative Expenditure upto Reporting Period	Amount Spent: Through Implementing Agency*
			District (State)	₹ Crore	₹ Crore	₹ Crore	₹ Crore
11	Support Towards the Prevention, Detection, Treatment & Rehabilitation of Cancer Patients	Health (Prevention & Treatment of Cancer)	Kolkata (West Bengal); Mumbai (Maharashtra)	30.81	8.81	8.81	8.81
12	Health Awareness, Prevention, Treatment & Rehabilitation for Neurological Diseases, Supporting Research on Public Health Policy	Health (Promoting Healthcare including Preventive Healthcare)	Mumbai (Maharashtra); Hyderabad (Telangana); New Delhi	2.08	2.08	2.08	2.08
13	Community Healthcare for Rural and Tribal Areas	Health (Promoting Rural Healthcare Facilities)	East Singhbhum (Jharkhand); West Singhbhum (Jharkhand); Seraikala Kharsawan (Jharkhand); Chamarajanagar (Karnataka)	1.02	1.02	1.02	1.02
14	Capacity Building & Development of Urban Slum Sanitation, Sanitation Awareness Programmes, Building Toilets in Rural Schools	Sanitation (Sanitation Hardware & Hygiene Awareness)	Kanchipuram (Tamil Nadu); Pimpri-Chinchwad (Maharashtra); Kolhapur (Maharashtra)	0.59	0.59	0.59	0.59
15	Supporting Athletes for Olympics	Sports	Mumbai (Maharashtra)	0.18	0.18	0.18	0.18
Sub-Total (1)					18.07	18.07	18.07

Annual Report on Corporate Social Responsibility (CSR) Activities (Continued)

(d) Details of amount spent by the H. T. Parekh Foundation in financial year 2014-15 from HDFC's contribution in previous year:

Sr. No.	CSR Project/Activity	Sector	Locations	Amount Outlay (Budget) on Projects or Programmes	Amount Spent (Direct) on Projects or Programmes	Cumulative Expenditure upto Reporting Period	Amount Spent through Implementing Agency
			District (State)	₹ Crore	₹ Crore	₹ Crore	₹ Crore
1	Nutrition Programmes, Day Care Centres, After School Programmes & Health facilities for Underprivileged Children	Child Welfare (Overall Child Development)	Ahmedabad (Gujarat); Pune (Maharashtra); Noida (Uttar Pradesh)	0.57	0.57	0.57	0.57
2	Shelter/homes for Orphans, Abandoned and Underprivileged Children	Child Welfare (Setting up Homes for Children)	Mumbai (Maharashtra); Pune (Maharashtra)	0.25	0.25	0.25	0.25
3	Rehabilitation & Livelihood to Socially & Economically Marginalised Groups, Housing for Displaced & Underprivileged Persons, Awareness for Civil Society Rights	Community Development (Measures to Reduce Inequalities)	Muzaffarnagar (Uttar Pradesh); New Delhi; Mumbai (Maharashtra); Raigad (Maharashtra)	0.92	0.92	0.92	0.92
4	Setting Up and Running Homes for the Physically and Mentally Challenged	Differently Abled (Institutional Support)	Pune (Maharashtra); New Delhi	0.22	0.22	0.22	0.22
5	Specialised Healthcare for Children and Young Adults with Physical Handicaps	Differently Abled (Promoting Healthcare)	Mumbai (Maharashtra)	0.30	0.30	0.30	0.30
6	Vocational Skills & Livelihood Training for Disabled Children & Adults	Differently Abled (Promoting Special Education)	Mumbai (Maharashtra); Bengaluru (Karnataka); Kollam (Kerala)	3.58	3.58	3.58	3.58
7	Scholarships for Underprivileged Children & Youth	Education (Scholarships)	Mumbai (Maharashtra); Dehradun (Uttarakhand)	0.24	0.24	0.24	0.24

Annual Report on Corporate Social Responsibility (CSR) Activities (Continued)

Sr. No.	CSR Project/Activity	Sector	Locations	Amount Outlay (Budget) on Projects or Programmes	Amount Spent (Direct) on Projects or Programmes	Cumulative Expenditure upto Reporting Period	Amount Spent through Implementing Agency
			District (State)	₹ Crore	₹ Crore	₹ Crore	₹ Crore
8	Educational Development through Life skills, Gender Equality & Socio-economic Skills for Children from Economically Weak Backgrounds, Supporting Education for Girls	Education (Promoting Education for Children)	Mumbai (Maharashtra); Sirohi (Rajasthan); Alwar (Rajasthan); Hyderabad (Telangana); Visakhapatnam (Andhra Pradesh); Mahbubnagar (Telangana); Kanker (Chhattisgarh); Ratlam (Madhya Pradesh); Sheopur (Madhya Pradesh); Udaipur (Rajasthan)	1.54	1.54	1.54	1.54
9	Strengthening Infrastructure in Tiger Reserves	Environment (Ensuring Environmental Sustainability & Animal Welfare)	Satpura, Hoshangabad (Madhya Pradesh)	0.62	0.62	0.62	0.62
10	Palliative Care / Hospices for Cancer Patients	Health (Treatment & Palliative Care)	Mumbai (Maharashtra); Nasik (Maharashtra)	0.35	0.35	0.35	0.35
11	Health Awareness, Prevention, Treatment & Rehabilitation for Neurological Diseases, Supporting Community Hospitals in Rural Areas, Support towards Public Blood Banks	Health (Promoting Healthcare Including Preventive Healthcare)	Jodhpur (Rajasthan); New Delhi; Mumbai (Maharashtra); Palghar (Maharashtra)	0.25	0.25	0.25	0.25
Sub-Total (2)					8.84	8.84	8.84
GRAND TOTAL				49.18	26.91	26.91	26.91

* **Details of Implementing Agencies:** The H T Parekh Foundation (Across all sectors); Mobile Creches for Working Mother's Children (Child Welfare); Mumbai City Sainik Welfare Office (Community Development); Prime Minister's Relief Fund (Community Development); Society for Nutrition, Education & Health Action (Community Development); Tata Institute of Social Sciences (Community Development); Maaya Foundation (Differently Abled); Om Creations Trust (Differently Abled); Savali Association for Mentally Retarded & Cerebral Palsy Children (Differently Abled); Tiger Watch (Environment); Neurology Foundation (Healthcare); Indian Cancer Society (Healthcare).

Annual Report on Corporate Social Responsibility (CSR) Activities (Continued)

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**

HDFC considers social responsibility as an important part of its business and has been involved with the social sector for over 25 years.

In 2012, HDFC envisioned the establishment of a separate foundation with a dedicated team to focus on activities in the social and developmental sectors of India. Accordingly, the H T Parekh Foundation was formed in October 2012 to achieve this purpose.

As HDFC's foreign shareholding exceeds 50%, any amount contributed by it to the Foundation would need prior approval of the Ministry of Home Affairs (MHA) under the Foreign Contribution Regulation Act, 2010 (FCRA). Although the majority of HDFC's shareholders are Foreign Institutional Investors, they do not have any representation on HDFC's Board of Directors or a say in management decisions. Moreover, the Board of Directors are all Indian citizens and HDFC's entire business caters to the Indian market.

The Foundation received the FCRA approval only in March 2014; hence it was unable to undertake any social initiatives prior to this period. Coincidentally, Section 135 of the Companies Act, 2013 which provides for CSR obligations on specified classes of companies also came into force during this time. HDFC therefore thought it appropriate to conduct a major part of its CSR activities through the Foundation, as the objectives of both were aligned.

After receipt of the FCRA approval by the Foundation, an implementation plan was put in place to meet the development objectives of HDFC as well as the Foundation, which included the hiring of full time employees for the Foundation. In October 2014, the employees of the Foundation came on board.

Initially time was taken to put in place processes, evaluate desired projects, their execution timelines, travel to project locations and evaluate social investment options. Keeping in mind the long term and sustainable development objectives of HDFC (as well as the Foundation), it is of paramount importance that any funds provided by HDFC be utilised prudently to ensure maximum social benefit and development.

Considering all the factors stated above, the amount committed and disbursed towards CSR was ₹ 49.18 crore in financial year 2014-15. Now that the team is in place at the Foundation for sometime, HDFC intends to commit and deploy larger funds across social sectors in the coming financial year.

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 29, 2015

Keki M. Mistry
Vice Chairman & CEO

Deepak S. Parekh
Chairman - CSR Committee