

## **CORPORATE SOCIAL RESPONSIBILITY POLICY & PROCEDURES (Last Reviewed on 12/02/2021)**

### **A. BACKGROUND**

The Main Business of the Company (GICHFL) is granting Housing Loans to Individuals and to persons/entities engaged in construction of Houses/Flats for residential purposes. The Company carries a vision for the future of Housing in India. And it is always believed at GICHFL that its success and growths depends on its principles which are:

- To be a prominent Corporate Citizen in promoting housing activities through customer friendly finance schemes with in a service oriented atmosphere.
- To consolidate and grow in a competitive environment reflecting the ethical standard of a good corporate citizen.
- To create Wealth and Reward Share holders

Our Company has recently introduced a scheme called "**Rural Housing Scheme 2014**" under Refinance Scheme of National Housing Bank in order to provide shelter in Rural Areas.

### **B. OVERVIEW OF THE COMPANIES ACT, 2013**

Section 135 of the Companies Act, 2013 has made CSR as a mandatory provision for prescribed Companies to add a sense of responsibility and contribution among Corporates. The said section has to be read along with the Rules prescribed by the Act for implementation of CSR.

### **C. APPLICABILITY**

CSR as per the rules will be applicable if any one of the following conditions is satisfied by the Company:

- i) Turnover of Rs.1000 Crores
- ii) Net worth of Rs.500 Crores
- iii) Net Profit of Rs.5 Crores

Accordingly, on the basis of above parameters, GICHFL will fall within the ambit of the provisions of the Act and Rules.

## **D.COMMITTEE AS PER ACT**

Companies falling under the purview of section 135 shall constitute a CSR Committee of the Board consisting of three or more Directors out of which at least one Director shall be Independent Director.

## **E. PRE-REQUISITES OF CSR POLICY**

1. The CSR Policy shall include:
  - a) A list of CSR Projects or programmes which the Company plans to undertake falling within the purview of schedule VII of the Act, specifying the modalities of execution of such project or programmes and their implementation schedules.
  - b) Monitoring process of such projects or programmes.
2. The CSR Policy of the Company shall specify that the surplus arising out of the CSR Projects or Programmes or activities shall not form part of the business profit of the Company.

## **F. CSR POLICY OF THE COMPANY:**

The Company shall undertake any one or more of the following activities (subject to approval of Board) which falls within the provisions of the **Schedule VII (copy enclosed)** of the Companies Act 2013 read with clarification issued by MCA from time to time:

- i. Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation including contribution to the Swach Bharat Kosh set up by the Central Govt. for promotion of sanitation and making available safe drinking water;
- ii. Promoting education, including special education and employment enhancing vocational 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, agro forestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set up by the Central Govt. for rejuvenation of river Ganga;

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- 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 benefits of armed forces veterans, war widows and their dependents;
- vii. Training to promote rural sports, nationally recognized sports, paralympics 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 Castes, the Scheduled Tribes, other backward classes, minorities and women;
- ix. Contribution or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- x. Rural Development Projects.

Company can contribute 50% of Annual CSR Budget to any Govt. Approved Funds like Swach Bharat Abhiyaan, Prime Minister's National Relief Fund and Clean Ganga Fund etc. as given in Schedule VII of Companies Act, 2013 after taking approval from CSR Committee and Board. *(Approved by Board on 8<sup>th</sup> January, 2019 by Circular Resolution no. 05/Board/2018-19)*

### **SELECTION OF IMPLEMENTING AGENCY**

NGO/TRUST/SOCIETY for executing the chosen Project shall be selected through a transparent process of evaluation and shall be based on merit cum experience cum track record.

NGO's affiliated to political or religious organization will not be supported by the Company.

### **Criteria to be taken care for selection:**

- ✓ Should be a registered organization.
- ✓ The organization should have been in existence for at least a minimum of three years.
- ✓ It should be working in any one or more of the CSR thrust areas of the Company.
- ✓ It should not have any religious or political affiliation.
- ✓ Other funding sources have to be declared.
- ✓ Social credibility of the NGO should be above par.
- ✓ Selection of Projects is at the sole discretion of the Company.
- ✓ NGO should not have any outstanding litigation pending against it or any regulatory warnings or actions during the last three years period.
- ✓ NGO or Trust as selected by Public Sector Banks, Insurance Companies, or other PSU Enterprises would be given priority.
- ✓ The total management expenses incurred by the NGO for its administrative purposes should not exceed 20% of the total corpus of the NGO.

### **MONITORING, REVIEW & REPORTING**

The Management Level Committee shall be responsible for submitting quarterly statements to the CSR Committee as well as for filing returns with the MCA periodically and report to the Board compliance in this respect.

The Management Level Committee shall also be responsible to report the activities in the Annual Report under an exclusive heading and also explain in cases where the required amount is not spent in selected projects or the Company could not select any projects for implementation.

The Contents of the Policy shall be disclosed in the Report and the same shall be displayed on the Company's website as per the particulars specified in the annexure to the Rules.

### **ACCOUNTING**

The Management Level Committee shall render accounts to the CSR Committee every year taking into account the surplus for the year and fix the amount of CSR corpus appropriately.

## **G. INTERNAL STRUCTURE**

- 1. Board Level Committee (CSR Committee)** – The Committee shall consist of atleast 3 Directors including one Independent Director.
- 2. Management Level Committee** – The CSR Committee shall appoint a Committee consisting of Sr. Vice Presidents and one woman official of the Company.

## **H. FUNCTIONS OF THE COMMITTEES**

### **1. BOARD LEVEL COMMITTEE (CSR COMMITTEE) –**

The Board level Committee shall oversee the entire process of implementation of CSR related activities through review meeting on the reports of Management level Committee, which shall be submitted to it quarterly.

The Committee shall review the CSR Policy also annually.

### **2. MANAGEMENT LEVEL COMMITTEE –**

The Committee shall:

- identify the projects for CSR activities .
- estimate the amount of expenditure needed on each of the activities.

- oversee the implementation of CSR and Sustainability agenda of the Company within the organization and also outside, i.e. covering internal as well as external stakeholders.
- submit reports regarding the progress in the implementation of CSR and Sustainability activities to the Board level Committee on quarterly basis.
- monitor the Corporate Social Responsibility Policy of the Company and review it quarterly.
- implement projects which fall within its delegated authority.

### **I. FINANCIALS**

#### **BUDGET**

The corpus shall include the following:

- 1.** 2% of the average net profits made by the Company during every block of three years. (For the purpose of First CSR reporting the Net Profit shall mean average of the annual net profit of the preceding three financial years ending on or before 31 March 2014)
- 2.** any income arising there from
- 3.** surplus arising out of CSR activities.

"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:

- i)** any profit arising from any overseas branches or branches of the Company, whether operated as a separate Company or otherwise and
- ii)** 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 provision of the Companies Act, 1956, (1 of 1956) shall not be required to be recalculated in accordance with the provisions of the Act:

Provided further that in case of a foreign Company covered under these rules, net profit means the net profit of such Company as per profit & loss account prepared in terms of clause (a) of sub section (1) of Section 381 read with section 198 of the Act.

**J. DELEGATION OF FINANCIAL AUTHORITY**

**CSR Committee:**

Over Rs.25 lacs per Project (as recommended by the CSR Committee and subject to the approval of Board)

**Management Level Committee:**

Up to Rs.25 lacs (Rupees Twenty Five Lacs only) per Project (as approved by the CSR Committee)

The above financial authority shall form part of the Financial Standing Order of the Company and incorporated therein.

**K. AUDIT**

The Internal Audit Department shall initiate an annual audit of the Projects and payments and report to the Audit Committee and Board.

**L. REVIEW**

The CSR Policy shall be reviewed by the CSR Committee as and when required, but however, a midterm review should be done every year.

**M. EFFECTIVE DATE**

The CSR Policy shall come into force immediately on its approval by the Board.

**N. AMENDMENTS TO THE POLICY**

The Board of Directors on its own and/or on the recommendation of CSR Committee can amend its policy as and when required deemed fit. Any or all provisions of CSR Policy would be subjected to revision/amendment in accordance with the regulations on the subject as may be issued from relevant statutory authorities, from time to time.

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