

Aadhar Housing Finance Limited

Corporate Social Responsibility (CSR) Policy

Revision Effective 6 May 2025

Version 1.6 – Amended Policy

Table of Contents

1. Introduction	2
2. Scope and Coverage	2
3. Purpose of the CSR Policy	2
4. Definitions	2
5. CSR principles of AHFL	3
6. Policy framework and details	3
6.1. Vision and Mission	3
6.2. Governance Structure	4
6.2.1 Board of Directors	4
6.2.2. CSR Committee	4
6.2.3. CSR Management Committee	5
6.2.4. CSR Function/Team	6
7. Funding and Allocation	6
7.1 Modes of Expenditure	7
7.1.1 Spending Surplus Funds	7
7.1.2 Spending towards Capital Asset	7
7.1.3 Unspent CSR Amount	7
7.1.4 Excess spending	8
7.2 Administrative overheads	8
7.3 Expenditure towards Impact Assessment of CSR projects	8
8. Execution of CSR activities	8
8.1. Identification of Priority Areas	8
8.2. Implementation of CSR activities	10
9. Monitoring mechanism	11
10. Reporting and Disclosures	11
11. Impact Assessment	11
12. Review and Revalidation of Policy	12
13. Exceptions	12

1. Introduction

Aadhar Housing Finance Limited (hereinafter referred as "the Company/AHFL") realises its commitment to society and towards social development and in this line obliges to utilize a humble portion of its wealth generated from their prime business, towards social development. In this regard, the Company has adopted the corporate social responsibility policy for fulfilling its responsibility casted by statute through its social development activities.

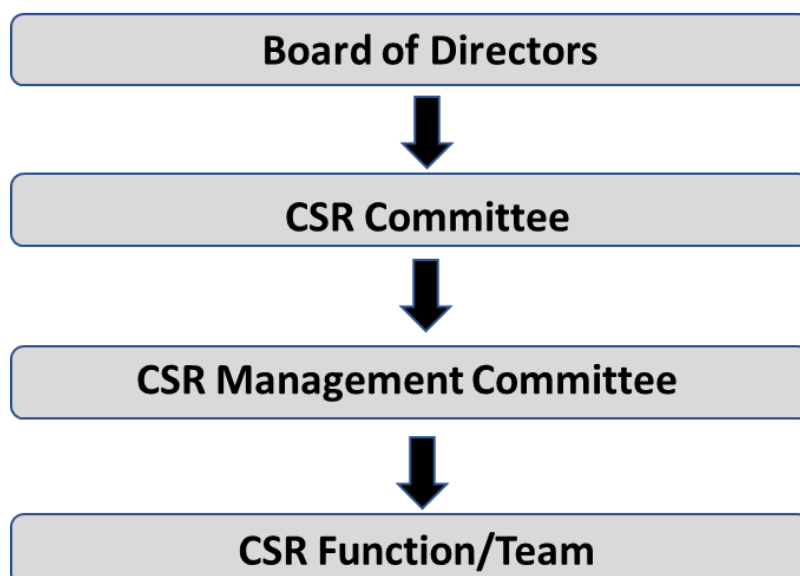
This policy, which encompasses the company's philosophy for delineating its responsibility as a corporate citizen, lays down the guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of the community at large, is titled as "**Aadhar Housing Finance Ltd. - CSR Policy**". This Policy has been amended and approved by the Board on 6 May, 2025.

2. Scope and Coverage

This Policy shall be applicable to all CSR initiatives undertaken by the Company in pursuance of the requirements of Section 135 and Schedule VII of Companies Act, 2013 and Companies (CSR Policy) Rules, 2014 (including any statutory modifications, amendments or re-enactments of any of them for the time being in force).

3. Purpose of CSR policy

- ✓ The CSR policy serves as the guiding document for all the CSR activities to be undertaken by AHFL
- ✓ The Policy provides a framework towards selection of projects/partners and its effective implementation, monitoring, governance and management.
- ✓ The policy establishes AHFL as an organization that is socially and legally compliant to the CSR Act and regulations within the territory of India and the successive amendments as and when introduced.
- ✓ It serves the purpose of brand building of the organization as provides assurance and pride that part of the Company's profit is being utilized for social development and empowerment.



- ✓ The policy directing towards the different kinds of CSR activities taken up by AHFL contribute to the government's development initiatives towards the socially, demographically and economically marginalized citizens of the country.

4. Definitions

- **Board** means the Board of Directors of the Company
- **CSR Committee** means the Corporate Social Responsibility (CSR) Committee constituted/reconstituted by the Board from time to time in terms of the requirements of *section 135 of the Companies Act, 2013* read with the rules thereunder and other applicable provisions of the Act.
- **Financial Year** means the period of twelve months ending on 31st March every year.
- **Net Profit** means "Net Profit Before Tax" calculated as per the Section 198 of the Company's Act.
- **Policy** refers to the CSR Policy as reviewed by the Committee and approved and adopted by the Board from time to time.
- **"Corporate Social Responsibility (CSR) Activities/projects"** means and includes the projects or programs specified under the focus areas of CSR policy, as per the statutory obligation laid down in Section 135 of the Act.
- **"Ongoing Projects"** mean the projects, that has been commenced within the financial year. Further, Rule 2(1)(i) of the Companies (CSR Policy) Rules, 2014 defines ongoing projects as follows:
 - i) a multi-year project, stretching over more than one financial year
 - (ii) having a timeline not exceeding three years excluding the year of commencement
 - (iii) such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the Board based on reasonable justification

5. CSR principles of AHFL

The guiding principle of the CSR activities of AHFL includes the following-

(a) Sustainability: All the CSR activities conducted would intent to bring sustainable impact in respect to the beneficiaries and to that of society at large. In this respect, the Company will ensure that the projects are aligned with the "national priorities" and contribute to the Sustainable Development Goals as defined by the United Nations.

(b) Accountability: AHFL will be accountable for its CSR activities, decisions and policies that includes the administration, governance and execution of the projects including its timely monitoring. This would be in accordance with the guidelines of the Section 135 of the Company's Act, 2013 along with the National CSR guidelines issued by the Government of India as and when amended from time to time.

(c) Transparency: AHFL shall be utmost transparent in selection and monitoring of CSR activities it undertakes to do. It will also transparently disseminate its CSR activities through multiple platforms including its Annual Report.

6. Policy Framework and details

6.1. Vision and Mission

Vision

To actively contribute towards social development by bringing sustainable change in the lives of the underprivileged and needy population of the country

Mission

- To actively engage in philanthropic programs to resolve key social challenges in the country*
 - To focus on supporting underserved communities through its projects and interventions in its core areas of intervention.*
 - To support during local and national contingencies/ or emergencies such as floods, droughts, pandemic support, etc*
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6.2. Governance Structure

6.2.1 Board of Directors

The Board shall be overall responsible for the corporate social responsibility of the Company.

Roles and responsibilities of the Board include:

- a) To approve/modify the CSR policy based on the recommendations of the CSR Committee.
- b) To approve/modify/review the annual action plan and its progress, expenditure, identified “ongoing projects” including year wise allocation of funds, as recommended by the CSR Committee, which shall be in accordance with this Policy.
- c) To approve the disclosure of the contents of this policy in the Board’s Report and its display on the Company’s website.
- d) To satisfy itself that the CSR spending and the transfer of the unspent amount is in accordance with the regulatory requirement. The reasons for shortfall in CSR spending shall be disclosed in its Board Report.
- e) To satisfy itself that the funds so disbursed have been utilised for the purpose of and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the same.
- f) Before completion of any ongoing project, the Board of the company may modify the project recommended by the CSR Committee, related to operation and maintenance of such projects in a manner as may be deemed fit on a case-to-case basis.
- g) To modify or abandon an ongoing project, partially or wholly, under exceptional circumstances and reasonable justifications, during the prescribed project period as per the recommendation of its CSR Committee.
- h) To constitute/ reconstitute the CSR Committee and to define/revise/amend the terms of reference of the CSR Committee, as may be required.

6.2.2. CSR Committee

As required by section 135 of the Company's Act, 2013, the Board has constituted the following CSR Committee: -

Composition:

Name	Position
Independent Director	Chairperson
Non-Executive Director	Member
Managing Director & CEO	Member

Role and responsibilities of the CSR Committee include:

- To formulate/review and recommend the CSR policy of the company to the Board.
- To recommend the amount of expenditure to be incurred on CSR activities.
- To formulate and recommend to the Board, an annual action plan including identification of "Ongoing" projects and year wise allocation of funds in pursuance of this Policy.
- To approve/review the CSR plan/programs/projects/activities to be undertaken as per the CSR Policy for each financial year.
- To monitor the CSR spending, set aside the unspent CSR amount, recommend the mode of its utilization and disclosures in accordance with the Companies Act, to the Board for approval.
- To delegate authority to any employee(s)/CSR team of the company or one or more members of the CSR Management Committee.

Quorum: At least two members would be required to form the quorum for the CSR Committee Meeting. In absence of the Chairperson, the members present, shall appoint the Chairperson of the CSR Committee amongst themselves.

Meetings: The meetings of the CSR Committee shall be held at least twice in a financial year or at such other frequency as may be required.

The CSR Committee shall be assisted by the CSR Management Committee of AHFL in fulfilling its responsibilities.

6.2.3. CSR Management Committee

Composition: The CSR Management Committee shall assist the CSR Committee in fulfilling its responsibility. The CSR Management Committee members appointed by the CSR committee shall include the following-

Designation	Position
Executive Vice Chairman	Chairperson
Chief Financial Officer	Member
Chief People Officer/HR Head	Member
Chief Compliance Officer	Member
Chief Risk Officer	Member
Managing Director and CEO	Invitee

The CSR Management Committee may invite the In-Charge of CSR Function or any other Executive/HOD for the CSR Management Committee meetings, as and when required.

Role and responsibilities of the CSR Management Committee includes- :

- a) To establish and review the CSR policy and to recommend the same to CSR Committee for the approval of the Board.
- b) To monitor and review the annual budgets/expenditure with respect to corporate social responsibility programs.
- c) To identify, recommend and review the CSR projects/programs/activities to the CSR Committee.
- d) To recommend the amount of expenditure to be incurred on the activities as identified for CSR by the company.
- e) To establish and review the implementation mechanism for the CSR programs/projects/activities.
- f) To establish and review the monitoring mechanism of CSR projects/programs/activities.
- g) To ensure and review the company's disclosure relating to corporate social responsibility matters in accordance with the requirements of the regulatory provisions.
- h) To obtain legal or other independent professional advice/assistance. (If required)
- i) To appoint the external consultant for conducting impact assessment

Quorum: At least three members would be required to form the quorum for the CSR Management Committee Meeting. In absence of the Chairperson, the members present shall appoint the Chairperson of the CSR Management Committee amongst themselves.

Meeting: The meetings of the CSR Management Committee shall be held quarterly and as and when required.

6.2.4. CSR Function/Team

Composition: The Company shall appoint/designate one or more employees who shall be responsible for the CSR function/activities of the Company.

Role and responsibilities of the CSR Function- :

The CSR Function shall be responsible for the selection of NGOs/entities as implementation partners, on-ground implementation, record maintenance, monitoring, review of the CSR activities of the Company and monitor utilisation of CSR funds in accordance with this policy. It shall also carry out such other activities, as may be required or as instructed by the Committee or Board, to facilitate/support/assist the CSR Management Committee in fulfilling its duties.

7. Funding and Allocation

In accordance with the provisions of Section 135 of the Companies Act, 2013, the Company is required to spend, during the financial year, at least 2% of its average net profits made during three immediately preceding financial years, towards CSR programs/projects/activities, as notified from time to time. CSR Expenditure will not include any expenditure on any program/projects/activities which are not in conformity with the Company's CSR Policy and the activities enumerated/enlisted under Schedule VII of the Companies Act, 2013, as amended from time to time.

Moreover, the budget allocated for one project can be used for other projects based on the approval of the CSR Committee.

7.1. Modes of expenditure-

7.1.1. Spending Surplus Funds:

- Surplus refers to income generated from the spend on CSR activities, e.g., interest income earned by the implementing agency on funds provided under CSR, revenue received from the CSR projects, disposal/sale of materials used in CSR projects, and other similar income sources. The surplus arising out of CSR activities shall be utilised only for CSR purposes or activities approved.
- The surplus arising out of the CSR programs/projects/activities shall not form part of the business profits of the Company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

7.1.2. Spending Towards Capital Asset

The CSR amount can be spent by the company for creation or acquisition of a Capital Asset. The Capital Asset should be held/possessed by: -

- The registered NGO or Charitable Trust or a Company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number under sub-rule (2) of rule 4 of CSR Rules; or
- Beneficiaries of the CSR project, in the form of self-help groups, collectives, entities; or
- A public authority

The expenses relating to transfer of capital asset such as stamp duty and registration fees, will qualify as admissible CSR expenditure in the year of such purchase/ transfer.

7.1.3. Unspent CSR Amount:

If the company fails to spend in a financial year at least two per cent of the average net profits of the company, allocated for CSR activities/projects approved for any financial year, then it shall be called the “Unspent CSR Amount.”

- The Board shall specify the reasons for not spending the amount, in its report made under clause (o) of sub-section (3) of section 134.
- The unspent CSR Amount is required to be transferred to a separate bank account as prescribed under sub-section (6) of section 135.
- The Board/Committee shall deal with the unspent amount in the following manner:

<u>Nature of unspent amount</u>	<u>Action required</u>	<u>Timelines</u>
Unspent amount pertains to ‘ongoing projects’	Transfer such unspent amount to a separate bank	Within 30 days from the end of the financial year.

	account of the company to be called as 'Unspent CSR Account' and utilized within the regulatory timeframe i.e. up to a maximum of 3 years.	
Unspent amount pertains to 'other than ongoing projects'	Transfer unspent amount to any fund included in Schedule VII of the Act.	Within 6 months from the end of the financial year.

7.1.4. Excess spending

- Where the Company spends more than the requirement provided under section 135 of the Companies Act, 2013, the excess amount can be set off against the required 2% CSR expenditure up to the immediately succeeding three financial years, subject to compliance with the conditions stipulated under rule 7(3) of the Companies (CSR Policy) Rules, 2014.

7.2. Administrative Overheads

- According to rule 2(1)(b) of the Companies (CSR Policy) Rules, 2014, Administrative Overheads are the expenses incurred by the company for 'general management and administration' of CSR functions. Administrative overheads generally comprise of items such as employee costs, utilities, office supplies, legal expenses, etc.
- The Administrative Overheads shall not exceed five per cent or such percentage of the total CSR expenditure of the company for the financial year, as allowed by the regulations.

7.3. Expenditure towards Impact assessment of CSR projects

- Expenditure up to a maximum of 2% of the total CSR expenditure for a financial year or 50 lakh rupees, whichever is higher, can be incurred separately for impact assessment.
- The expenditure incurred on impact assessment is over and above the specified administrative overheads of 5%.

8. Execution of CSR activities

8.1. Identification of Priority Areas

As per Section 135 and Schedule VII of the Act, the core activities under the Corporate social responsibility of a Company includes the following-

1. Eradicating poverty, hunger and malnutrition, promoting health care which includes sanitation and preventive health care, contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.
2. Improvement in education which includes special education and employment strengthening vocation skills among children, women, elderly and the differently-abled and livelihood enhancement projects.
3. Improving gender equality, 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.

4. Safeguarding environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining a quality of soil, air and water which also includes a contribution for rejuvenation of river Ganga.
5. 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.
6. Measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows.
7. Training to stimulate rural sports, nationally recognized sports, Paralympic sports and Olympic sports.
8. Contribution to the Prime Minister's National Relief Fund, Contribution to the Prime Minister's National Relief Fund (PM-CARES) or any other fund set up by the Central Government for socio-economic development providing relief and welfare of the Scheduled Castes, the Scheduled and backward classes, minorities and women.
9. Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government, State Government, Public Sector Undertaking or any agency of the Central Government or State Government.
10. Contributions to public funded Universities, IITs, National Laboratories and autonomous bodies established under DAE, DBT, DST, Department of Pharmaceuticals, Ministry of AYUSH, Ministry of Electronics and Information Technology and other bodies, namely DRDO, ICAR, ICMR and CSIR, engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).
11. Rural development projects.
12. Slum area development.
13. Disaster management, including relief, rehabilitation and reconstruction activities.

Further, the CSR activities shall not include the following -

1. Activities undertaken in pursuance of normal course of business of the company.
2. Any activity undertaken by the company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level.
3. Contribution of any amount directly or indirectly to any political party under section 182 of the Act.
4. Activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019).
5. Activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services.
6. Activities carried out for fulfilment of any other statutory obligations under any law in force in India.

AHFL has identified the following thrust areas under its CSR program-

1. Education and Skill Development

Improvement in education which includes special education and employment strengthening vocation skills among children, women, elderly and the differently-abled and livelihood enhancement projects.

2. Healthcare

Eradicating poverty, hunger and malnutrition, promoting health care which includes sanitation and preventive health care, contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.

3. Environmental conservation

Safeguarding environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining a quality of soil, air and water which also includes a contribution for rejuvenation of river Ganga.

4. Contribution to Sports

Training to stimulate rural sports, nationally recognized sports, Paralympic sports and Olympic sports.

Besides, the Company may undertake any activities as defined in Schedule VII of the Companies Act, 2013 as and when required, beyond the above-mentioned thrust areas undertaken by AHFL.

8.2. Implementation of CSR activities:

A. Modes of Implementation:

AHFL may undertake CSR activities through the following modes of implementation-

- a) By the Company directly
- b) Through eligible implementing agencies;
- c) Through collaboration with one or more companies in accordance with regulations.

The following entities/bodies will be eligible for implementing the CSR programs/projects/activities under mode (b) above:

- I. A company established under Section 8 of the Act or a registered public trust or registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under Section 12A and approved under 80G of the Income Tax Act, 1961 established by AHFL, either singly or along with other company; or
- II. A company established under Section 8 of the Act or a registered trust or registered society, established by the Central Government or State Government; or
- III. Any entity established under an Act of Parliament or State legislature; or
- IV. A company established under Section 8 of the Act or a registered public trust or registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under Section 12A and approved under 80G of the Income Tax Act, 1961 and has an established track record of at least 3 (Three) years in undertaking similar activities, and also registered with MCA.

B. Other considerations:

- The company may engage national/ international organisations for the limited purposes of designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy as well as for capacity building of our own personnel for CSR.
- In respect to project planning and execution, preference shall be given to the local area and areas around where the company operates.

- NGOs blacklisted by any government agency like NITI Aayog (through NGO Darpan), Council for Advancement of People's Action and Rural Technology (CAPART), Central Social Welfare Board (CSWB), Department of Women and Child Development, Ministry of Social Justice and Empowerment, shall not be entertained under AHFL CSR activities.

9. Monitoring mechanism

- a) The CSR Function will regularly monitor the ongoing CSR projects through visits and reporting to ensure that the outcomes intended are achieved as per timelines.
- b) The CSR Function will obtain, review and assess the relevant progress reports and impact of various CSR programs/projects/activities implemented, to identify gaps/slippages therein and to plan corrective measures, as may be required and shall place the same to the CSR Management Committee for review.
- c) The CSR Function will ensure that the projects/programs/activities that are undertaken by the Company are in compliance with various applicable laws/regulations of the areas as identified under this Policy.
- d) The CSR Function will ensure appropriate documentation of all the programs/projects/activities, budget and expenditure analysis and necessary reporting to the statutory authorities.
- e) The CSR Function will continuously review the performance of the implementing partner of the CSR projects and keep the CSR Management Committee updated at regular intervals on any adverse findings as per the SOP.

10. Reporting and Disclosures

- a) The report of the Board of Directors of the Company shall include an Annual Report on CSR duly signed by the Managing Director & CEO of the Company as well as the Chairman of the CSR Committee, which shall contain such information as prescribed under section 135 of the Companies Act read with ANNEXURE -II of Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time.
- b) The composition of the CSR Committee, CSR Policy and Projects approved by the Board will be mandatorily displayed on the website of the Company for public access.
- c) All the records pertaining to the CSR programs, projects, activities and accounts of the expenditures made by the Company thereon, shall be maintained for such period as required by the Company Law.
- d) The Company will make necessary disclosures in the financial statements regarding CSR including non-compliance.

11. Impact Assessment

- The Company may assess the social impact of one or more CSR projects/activities/programs undertaken by it.
- The Company is mandatorily required to conduct impact assessment when -

(i) it has a minimum average CSR obligation of Rs. 10 crore or more in the immediately preceding 3 financial years; and

(ii) CSR projects has outlays of minimum Rs. 1 crore and which have been completed not less than 1 year before undertaking impact assessment.

- Impact assessment shall be carried out project-wise only in cases where both the above conditions are fulfilled. In other cases, it can be taken up by the company on a voluntary basis. The Company may, on voluntary basis, take up impact assessment study on any other projects/activities as and when deemed fit.
- The impact assessment will be conducted by an independent agency appointed as per approved eligibility criteria.
- The impact assessment reports will be placed before the Board/Committee and will be annexed to the report on CSR. The Company, at its convenience, may also generate a web-link for the access of the complete impact assessment reports along with the executive summary of such reports, in the annual report on CSR.

12. Review and Revalidation of Policy

- i. Any or all provisions of the CSR policy would be subject to revision / amendment in accordance with the guidelines, rules or notifications on the subject as may be issued by the Government, from time to time. Any such amendments shall be immediately incorporated in the Policy and subsequently ratified by the Board.
- ii. In case of any conflict between the provisions of this Policy and the Act/CSR Rules as applicable on AHFL, the provisions of the Act/CSR Rules shall prevail over this Policy.
- iii. Any reference to the Act and/or the CSR Rules shall mean the Act and/or the CSR Rules, respectively, as amended from time to time.
- iv. All the records pertaining to the CSR programs, projects, activities & accounts of the expenditures made by the Company thereon, shall be kept in the custody of the CSR department or any designated person.
- v. The Policy will be reviewed at least annually unless warranted by the regulatory amendments or otherwise.

13. Exceptions

Any exceptions or deviations from the policy is to be, prior approved by the CSR Committee and subsequently it can be ratified by the Board of Directors.