

NATIONAL TRUST HOUSING FINANCE LIMITED
CORPORATE SOCIAL RESPONSIBILITY POLICY

1. Preamble

- A. In India, the concept of CSR is governed by Section 135 of the Companies Act, 2013, which was passed by both Houses of the Parliament, and had received the assent of the President of India on 29th August 2013.
- B. The practice of CSR in India still remains within the philanthropic space, but has moved from institutional building (educational, research and cultural) to community development through various projects. In doing so, we support to build a better, sustainable way of life for the weaker sections of society and raise the country's human development index. In the words of one of the founders Dave Packard **“The betterment of society is not a job to be left to a few. It’s a responsibility to be shared by all.”**

2. Reconstitution of CSR Committee

- A. In terms of section 135 of the Companies Act, 2013 and the Rules made there under, Board of Directors of the Company at its meeting held on 3rd March, 2023 had reconstituted and the following are its members;

- i) Mr. E N Rangaswami
- ii) Mr. M Rajamani
- iii) Mr. M Kumar

- B. The CSR Committee to, inter alia, carry out the following functions;

- i) To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 and the rules made thereunder.
- ii) To recommend to the Board the amount of expenditure to be incurred on the CSR activities.
- iii) To monitor the implementation of framework of CSR Policy.
- iv) To carry out any other function as mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable, necessary or appropriate for performance of its duties.

3. CSR Activities

- A. 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 Companies Act, 2013 as amended from time to time.
- B. The Companies (Corporate Social Responsibility Policy), Amendment Rules, 2021 which came into effect 22nd January 2021 had mandated that the following list of activities cannot be construed as CSR activities.

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A	Normal Course of Business	Activities undertaken in pursuance of the normal course of business of the company. However, in this point, MCA has exempted the Companies engaged in the research and development activity of the new vaccine, drugs and medical device related to the COVID 19 for the f.y. 2020-21, 2021-22, 2022-23 subject to the certain conditions.
B	Outside India Activity	Any activity undertaken by the company outside the India (except for the training of the Indian sports personnel representing any State or Union territory at the national level or India at International level);
C	Political contribution	Contribution of any amount directly or indirectly to any political party under section 182 of the Act.
D	Benefit of Employee	Activities that significantly benefit the employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);
E	Benefit to its product	Activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services
F	Other obligation in Law	Activities carried out for the fulfilment of any other statutory obligations under any law in force in India

4. Implementation

- A. These CSR activities will be implemented from the succeeding year of a Financial Year in which the Company shows the net profits as per its audited annual financial statements. Based on the net profits, if any, every year, the CSR Committee will identify the CSR activities including the thrust areas, annual budget, planned expenditure and implementation schedule etc.
- B. The CSR activities can be undertaken by the Company itself or through the followings implementing agencies:
- i) A company established under Section 8 of the Act; or
 - ii) A Registered Public Trust; or (amended as only registered public trust)
 - iii) A Registered society
 - a. Either singly or along with the other Company; or
 - b. Above entity established by the Central Government or State Government; or
 - c. Any of the above entity having a track record of at least 3 years in undertaking similar activities; or
 - d. Any of the above entity established under an Act of parliament or a State Legislature.

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Note:

- Registration under Section 12A and 80G of the Income Tax Act, 1961 become mandatory.
 - Registration of such entity shall be mandatory by filing form CSR 1.
- iv) Collaboration: A Company may also collaborate with other companies for undertaking the projects or programs or CSR activities subject to the conditions.
- v) Engage International Organization: A company may engage the international organizations for designing, monitoring and evaluation of the CSR projects or programs as per its CSR policy as well as for the capacity building of their own personnel for CSR. Only the Central Government notified organizations shall qualify as International Organization.

C. The Companies (Corporate Social Responsibility Policy), Amendment Rules, 2021 had mandated that effective 1st April 2021, it is mandatory for every implementing agency to register itself with the Registrar of Companies.

5. Funding and Allocation

A. Following is the mode of funding and allocation of area wise planned expenditure for the CSR activities.

- i) The Company shall, in every financial year, contribute a statutory minimum limit of at least 2% of its Average Net Profits in the immediately preceding three (3) years for the CSR Expenditure.
- ii) In the absence of Net Profits in any financial year, the Company endeavours to spend such feasible amount as it may decide.
- iii) The CSR Committee shall prepare its annual planned expenditure, for a financial year, for the CSR activities including the thrust areas and manner of implementation etc.,

B. The Companies (Corporate Social Responsibility Policy), Amendment Rules, 2021 stipulates that if a Company spends on CSR activities in excess of the requirement (i.e. 2%), such excess amount may be set-off against the requirement of the CSR Spending u/s 135(5) upto the immediate succeeding 3 financial year subject to the conditions that:

- i) The excess amount available for set-off shall not include the surplus arising out of the CSR Activities, if any, in pursuance of sub-rule 2 of these rules.
- ii) The Board of Directors shall pass a resolution to that effect.

C. Administration Over Head: Further the administration over head shall not exceed 5% of the total CSR Expenditure of the Company for the financial year. Definition of administration over head: "Means the expenses incurred by the Company for 'general management and administration' of CSR functions in the Company. It

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does not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular CSR project or program”

D. Treatment of Surplus arising out of CSR amount: Any Surplus arising out of the CSR activity shall not be a part of the business profit. Such surplus shall be used on the following within a period of 6 months of the expiry of the financial year.

- i) Ploughed back into the same project.
- ii) Transferred to the Unspent CSR Account; and
- iii) Spent in pursuance of the CSR policy and the annual action plan of policy.

E. Spending on Capital Assets: The CSR amount may be spent by a Company for the creation or acquisition of a capital asset, which shall be held by:-

- i) The CSR Assets to be held by a Section 8 Company, or a Registered Public Trust, or registered society with the charitable objects, having CSR registration number or
- ii) Beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities or
- iii) A public

Note: Any CSR asset created prior to these Rules, required to comply within a period of 180 days (Board may extend by 90 days)

F. Treatment of unspent amount: If the Company fails to spend 2% of the Average net profit, then the following shall be the treatment of the unspent amount.

S No	Scenario	Compliance	Impact
A	If unspent amount not relating to an ongoing project	the Board shall, in its report, shall specify the reasons for not spending the amount; and unless the unspent amount relates to any ongoing project referred to in sub-section (6), transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year	Amount remaining unspent for the f.y. 2020-21 shall be transferred to Schedule VII fund latest by September 30, 2021.
B	If unspent amount relating to an ongoing project	The amount be transferred within a period of thirty days from the end of the financial year to a special account to be opened by the company in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account (UCSRA).	The amount remaining unspent (on ongoing project) for the FY 2020-21 shall be transferred to UCSRA latest by April 30, 2021 The amount remaining unspent transferred for f.y. 2020-21 to UCSRA, has to be utilized for the project upto FY 2023-24

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S No	Scenario	Compliance	Impact
C	If fails to spend on the ongoing project	If Company Fails to spend in 3 years, the company shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year	The unspent amount shall be transferred to a fund specified in Schedule VII.

6. CSR Monitoring and Reporting Framework

- A. In compliance with the Act and to ensure funds spent on CSR Activities are creating the desired impact on the ground a comprehensive Monitoring and Reporting framework has been put in place.
- B. The CSR Committee shall monitor the implementation of the CSR Policy through periodic reviews of the CSR activities.
- C. 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.
- D. Director's Report: The Company shall annex with its Board Report an annual report on CSR in format of Annexure-I (for f.y. 2020-21) or in Annexure II (w.e.f. fy 2021-22).
- E. Impact Assessment: A company having the obligation of spending the average CSR amount of Rs 10 Crore or more in the three immediately preceding financial years in pursuance of Section 135(5) of the Act, shall undertake impact assessment.
Impact assessment to be done by an independent agency. Impact assessment to be done in respect of CSR projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study.
The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR. Impact assessment expenditure for a financial year shall not exceed five percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is less.
- F. Website Disclosure: The Board of Directors of the Company shall mandatorily disclose the followings on its website (if any):
- i) Composition of CSR Committee
 - ii) CSR Policy
 - iii) Projects approved by the Board on their website.

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7. Frequency of Meetings

The meetings of the Committee would be held at such periodic intervals as may be required.

8. Miscellaneous

This policy shall be updated from time to time, by the Company in accordance with the amendments, if any, to the Companies Act, 2013, rules made there under or any other applicable enactment for the time being in force.