

# ANNUAL REPORT ON CSR ACTIVITIES

**1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

## **A. CSR Policy**

The CSR Policy of the Company inter-alia specifies the broad areas of CSR activities that could be undertaken by the Company, approach and process for undertaking CSR projects and the monitoring mechanism.

The Policy is available on the website of the Company, [www.hdfcergo.com](http://www.hdfcergo.com).

## **B. Organization setup**

The CSR projects are implemented under the guidance of the CSR Committee of Directors, which presently comprises five Directors. The terms of reference of the Committee inter-alia includes:

- (i) Recommend for approval of the Board the amount of expenditure to be incurred on the activities in a financial year along with projects to be undertaken earmarking funds for broad area wise projects.
- (ii) Monitor from time to time the implementation of the CSR projects undertaken by the Company.

## **C. Scope of activities**

The CSR activities are as per the provisions of Schedule VII of the Companies Act, 2013.

### **i. Planning**

The identification of CSR activities are done using one or more combination of the following methods:

- (i) In-house planned projects.
- (ii) Proposals from District Administration / Local Govt. body/public representatives etc.

- (iii) Proposals/Requests from a registered & specialized body for providing financial assistance for carrying out specific CSR initiatives, subject to the condition that it fulfills the criteria as prescribed in the statute in this regard.

## **ii. Implementation Methodology**

The CSR activities / projects are implemented using internal resources or through collaboration with NGOs / specialized agencies / trusts / institutions / foundations / societies / Government bodies etc. in accordance with the provision of Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014.

The details of CSR initiatives undertaken by the Company during the financial year 2015-16 and other particulars are given below.

### **I. 'Gaon Mera'**

The focal area for the Company's CSR intervention is a dedicated "Adopt Village" programme called 'GAON MERA'. The program is aimed at improving the current status of Sanitation, Healthcare, Education and Livelihood in selected village/s. The idea is to work holistically with all relevant stakeholders in above mentioned areas to make a sustainable impact in lives of the marginalized communities living in the village. Accordingly, the Company has selected villages through internal employee nomination in 4 states of India namely Kerala, Maharashtra, Uttar Pradesh and Chattisgarh. Charities Aid Foundation (CAF) India is working as an Implementation Partner in "GAON MERA" Project. CAF India has also taken into partnership with local NGO Partners for better implementation of project. The duration of the project at the initial stage is 6 months starting from February 2016 to July 2016. Preliminary work in the start-up phase has been undertaken by CAF India in the form of rapid needs assessment and development of short term project proposal. Besides, CAF would also prepare Phase II plan for these villages, after submission of detailed baseline study and Village development plan.

### **II. CSR Intervention in Pulwama, Jammu & Kashmir**

After visiting Pulwama district's villages by Company's CSR team along with J&K Ministry officials, the Company identified the areas requiring short term CSR intervention through its 'Gaon Mera' programme. CSR team has distributed 75 Kg of rationing and solar lanterns with mobile charging in identified 5 villages namely Tchotal, Sona Bangar, Sikhlu, Wassimarg and Indravali on February 4-5, 2016 along with J&K Ministry officials. The completed intervention covered more than 500 households and approximately 2,457 population in the said 5 villages.

### **III. CSR Intervention at Shravasti**

Shravasti district is amongst the Country's 250 most backward district and Bhingra town is the District Head Quarter of Shravasti. In 2015, District Magistrate, Shravasti in discussion with Company's local team identified needs to improve condition of school situated in the Government college premises at Village Bargi Barga, Tehsil - Hariharpur Rani, District Shravasti. As part of CSR, one Water Purifier unit and 10 Ceiling Fans have been provided.

### **IV. Grant to Bombay Scottish Orphanage Society**

The Bombay Scottish Orphanage Society, Mumbai runs two schools in Mumbai, one at Mahim and another one at Powai. The aim of the society is to provide education of the highest quality with very reasonable fees. To meet the above objective, the Society requested grant for repair and maintenance. On basis of the structural audit of the building, the Society was required to carry out repairs and maintenance of structural parts of school building. On basis of the grant request and from student safety perspective, as part of CSR, the Company provided ₹ 50 lacs as grant for repair and maintenance work in school.

### **2. Composition of the CSR Committee:**

- |                             |   |
|-----------------------------|---|
| 1. Dr. Jagdish Khattar      | - Chairman - Independent Director                         |
| 2. Mr. Mehernosh B. Kapadia | - Independent Director                                    |
| 3. Ms. Renu Sud Karnad      | - Non - Executive Director                                |
| 4. Mr. Andreas Kleiner      | - Non - Executive Director                                |
| 5. Mr. Mukesh Kumar         | - Executive Director and Chairman –<br>CSR Sub -Committee |

**3. Average net profit of the Company for last three financial years: ₹ 179.43 crore.**

**4. Prescribed CSR Expenditure (2% percent of the amount as in item 3. above): ₹ 3.59 crore.**

### **5. Details of CSR spent during the financial year:**

- (a) Total amount to be spent for the financial year: ₹ 3.59 crore.
- (b) Amount spent during the year: ₹ 2.30 crore.
- (c) Amount unspent, if any: ₹ 1.29 crore.

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	Projects / Activities	Sector	Projects or programs(1) Local area or other(2) Specify the State and district where projects or programs was undertaken {District (State)}	Amount outlay (budget) project or programs – wise (₹)	Amount spent on projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads (₹)	Cumulative expenditure up to the reporting period (₹)	Amount spent: Direct or through implementing agency
1.	"GAON MERA" – Project Intervention in selected 4 villages	Overall development with focus on Sanitation, Health care, Education and livelihood	Cherthala (Kerala), Raweli (Chattisgarh), Kharapati (Maharashtra) Saunda in UP	1,56,10,740	Direct expenditure	1,34,28,308	Through implementing partner CAF India. (Note 1)
2.	Rationing and Solar lantern Distribution	Livelihood , Healthcare and Education	Pulwama's 5 villages, J&K	50,00,000	Direct expenditure	44,91,000	Direct
3.	Provide 1 Water purification & 10 ceiling fan	Healthcare and Education	Bhinga, Shravasti	57,000	Direct expenditure	56,193	Direct
4.	Provide grants for repair and maintenance	Education	Bombay Scottish Orphanage Society, Mumbai	50,00,000	Direct expenditure	50,00,000	Direct
	<b>TOTAL</b>			<b>2,56,67,740</b>		<b>2,29,75,501</b>	

**Note 1: Charities Aid Foundation (CAF) India** is a registered charitable trust set up in 1998 to provide strategic and management support to corporate, individuals and NGOs with an aim to ensure greater impact of their philanthropic and CSR investments.

During the year, as against the required CSR spend of ₹ 3.59 crore, the Company spent ₹ 2.30 crore on CSR activities. Though the intention was to spend the full amount of CSR obligation, the same could not be achieved due to the following reason.

As per the CSR Policy, 80% of the available CSR amount (₹ 2.87 crore) was earmarked on project 'Gaon Mera', of which amount actual spent was ₹ 1.79 crore, leaving a balance of ₹ 1.08

crore. The various activities involved in 'Gaon Mera', viz. baseline study and village development plan, selection and deployment of NGO teams at ground level, formation of village level committees, took longer time than planned and hence accordingly, the amount was disbursed only to the extent of actual completed work in the specified activity area.

The balance 20% of the available CSR amount (₹ 0.71 crore) was planned to be spent on other CSR activities apart from 'Gaon Mera'. However, only ₹ 0.51 crore was spent on such activities. The balance ₹ 0.20 crore was under discussion on other identified projects which could not be concluded in time and hence unutilized.

The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

**Mukesh Kumar**  
(Executive Director)  
(DIN: 06864359)

**Dr. Jagdish Khattar**  
(Chairman – CSR Committee)  
(DIN: 00013496)