



CORPORATE SOCIAL
RESPONSIBILITY
(CSR) POLICY

PREFACE

Section 135 of the Companies Act, 2013 mandates the companies having:

- a) Net worth of Rs. 500 Crore or more; or
- b) Turnover of Rs. 1,000 Crore or more; or
- c) Net profit of Rs. 5 Crore or more;

during the immediately preceding Financial Year, to *inter alia* formulate a Corporate Social Responsibility (CSR) Committee, adopt a CSR Policy and draw out a framework for undertaking CSR activities.

In accordance with the said mandate, since Vastu Housing Finance Corporation Limited ('Vastu' or 'Company') qualifies on the criteria mentioned in point (a) and point (c), it is required to formulate and adopt Corporate Social Responsibility Policy ("CSR Policy").

The objective of this Policy is to provide an overall CSR framework, which shall at all relevant times be closely aligned with the requirements of relevant provisions of the Companies Act, 2013 as may be amended from time to time.

VISION AND MISSION

Vastu believes in engaging and giving back to the community in line with the Companies commitment to philanthropy.

The Company, through its CSR projects, will lay down guidelines and mechanism for undertaking social, economic and environmental useful programmes for welfare & sustainable development of the community at large and over a period of time enhance the quality of life and economic wellbeing of the local populace.

VALIDITY OF CSR POLICY

The Board shall review the CSR Policy at least once during the Financial Year.

DEFINITIONS

- a) "**Act**" means the Companies Act, 2013, including any amendments made thereto.
- b) "**Administrative overheads**" means the expenses incurred by the company for 'general management and administration' of Corporate Social Responsibility functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme;
- c) "**Board**" means the Board of Directors of the Company.

d) **"Corporate Social Responsibility (CSR)"** means and includes:

The activities undertaken by a Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in these rules, but shall not include the following, namely: -

(i) activities undertaken in pursuance of normal course of business of the company:

Provided that any company engaged in research and development activity of new vaccine, drugs and medical devices in their normal course of business may undertake research and development activity of new vaccine, drugs and medical devices related to COVID-19 for financial years 2020-21, 2021-22, 2022-23 subject to the conditions that-

(a) such research and development activities shall be carried out in collaboration with any of the institutes or organisations mentioned in item (ix) of Schedule VII to the Act;

(b) details of such activity shall be disclosed separately in the Annual report on CSR included in the Board's Report;

(ii) 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;

(iii) contribution of any amount directly or indirectly to any political party under section 182 of the Act;

(iv) activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);

(v) activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;

(vi) activities carried out for fulfilment of any other statutory obligations under any law in force in India;

e) **"CSR Policy"** means a statement containing the approach and direction given by the board of a company, taking into account the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan.

f) **"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 of the Act.

g) **"International Organisation"** means an organisation notified by the Central Government as an international organisation under section 3 of the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947), to which the provisions of the Schedule to the said Act apply.

h) **"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 branch 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 in case of a foreign company covered under these rules, net profit means the net profit of such company as per profit and loss account prepared in terms of clause (a) of sub-section (1) of section 381, read with section 198 of the Act;

- i) **“Ongoing Project”** means a multi-year project undertaken by a Company in fulfilment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced, and shall include 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;
- j) **“Public Authority”** means ‘Public Authority’ as defined in clause (h) of section 2 of the Right to Information Act, 2005 (22 of 2005);

CSR COMMITTEE

The Board has duly constituted CSR committee comprising of a Managing Director, One Non-Executive Director and One Independent Director pursuant to the provisions of Companies Act, 2013.

The Committee shall be required to carry out the following activities:

- a) Formulate and recommend to the Board for its consideration and approval, a CSR Policy for the Company, which shall indicate the activities to be undertaken by the company in areas or subject specified in Schedule VII;
- b) Recommend for the approval of the Board, programmes/ projects identified by the Committee to be undertaken during the financial year which are in line with the activities specified in Schedule VII and amount of expenditure to be incurred for each of the programmes/ projects;
- c) Monitor the Corporate Social Responsibility Policy of the company from time to time;
- d) Update the Board on the status of CSR programmes/ projects undertaken by the Company during the financial year and amount of expenditure incurred.; and
- e) Recommend to the Board, the Company’s Annual Report on CSR Activities, for inclusion in the Report of the Board of Directors of the Company.
- f) Formulate and recommend to the Board, an annual action plan of the Company

CSR OBLIGATION

Company is required to spend, in every financial year, at least 2 per cent. of the average net profits of the company made during the 3 immediately preceding financial years on CSR activities.

Company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for CSR activities.

If the company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134, 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.

Any amount remaining unspent under sub-section (5), of Section 135 pursuant to any ongoing project, fulfilling such conditions as may be prescribed, undertaken by a company in pursuance, of its Corporate Social Responsibility Policy, shall be transferred by the company 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, and such amount shall be spent by the company in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of three financial years from the date of such transfer, failing which, 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.

CSR ACTIVITIES

- i. The Policy recognizes that corporate social responsibility is not merely compliance; it is a commitment to support initiatives that measurably improve the lives of underprivileged by one or more of the following focus areas as notified under Schedule VII to the Companies Act, 2013 as amended from time to time: Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.
- ii. Promoting education, including special education and employment enhancing vocation 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, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.
- 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 art and handicrafts;
- vi. 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);

- vii. Training to promote rural sports, nationally recognised sports, paralympic sports and olympic sports;
- viii. Contribution to the prime minister's national relief fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;
- ix. Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by Central Government or State Government or any agency or Public Sector Undertaking of Central Government or State Government, and contributions to public funded Universities, Indian Institute of Technology (IITs), National Laboratories and Autonomous Bodies (established under the auspices of Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR), Council of Scientific and Industrial Research (CSIR), Department of Atomic Energy (DAE), Defence Research and Development Organisation (DRDO), Department of Science and Technology (DST), Ministry of Electronics and Information Technology) engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).]
- x. Rural development projects;
- xi. Slum area development (the term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force).
- xii. Disaster management, including relief, rehabilitation and reconstruction activities.

The above list is broad based and illustrative not exhaustive and the aforementioned activities are to be interpreted liberally.

CSR IMPLEMENTATION.

- (1) The Company shall ensure that the CSR activities are undertaken by the company itself or through –
- (a) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company, or
 - (b) a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or
 - (c) any entity established under an Act of Parliament or a State legislature; or
 - (d) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

All such entity undertaking any CSR activity, shall register itself with the Central Government by filing the form CSR-1 electronically with the Registrar.

- (3) Vastu may engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy as well as for capacity building of their own personnel

for CSR.

(4) Vastu may also collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or programmes in accordance with these rules.

(5) The Board of the Company shall ensure that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer or such other person responsible for financial as may be authorised by the Company shall certify to that effect.

(6) In case of ongoing project, the Board of the Company shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.”

(7) CSR programmes/ projects to be undertaken by the Company will be identified by the CSR Committee;(8) The CSR Committee shall recommend to the Board for its approval, the CSR programmes/ projects, specifying modalities of its execution;

(9) Upon recommendations of the CSR Committee, the Board shall specifically approve such CSR projects/programs and the amount of expenditure;

(10) The time period/ duration over which a particular programme will be spread, will depend on its nature, extent of coverage and the intended impact of the program;

(11) The Company will select its partners after conducting appropriate due diligence;

(12) The Company may engage the services of external expert agencies, consultancy firms etc. for carrying out any survey, assessment or report with regards to any CSR programmes/ projects to be undertaken by the Company;

(13) The CSR Committee is authorized to settle all queries, differences or doubts that may arise in relation to the implementation of the CSR programmes/ projects as may be approved by the Board.

ANNUAL ACTION PLAN

The CSR Committee shall formulate and recommend to the Board of the Company, an annual action plan in pursuance this policy, which shall include the following, namely:-

(a) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;

(b) the manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4;

(c) the modalities of utilisation of funds and implementation schedules for the projects or programmes;

(d) monitoring and reporting mechanism for the projects or programmes; and

(e) details of need and impact assessment, if any, for the projects undertaken by the Company:

Provided that Board of the Company may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.”

CSR Expenditure

(1) The Board of the Company shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the Company for the financial year.

(2) Any surplus arising out of the CSR activities shall not form part of the business profit of a company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of this 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.

(3) Where the Company spends an amount in excess of requirement provided under sub-section (5) of section 135, such excess amount may be set off against the requirement to spend under sub-section (5) of section 135 up to immediate succeeding three financial years 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 this rule.

(ii) the Board of the company shall pass a resolution to that effect.

(4) The CSR amount may be spent by Vastu for creation or acquisition of a capital asset, which shall be held by –

(a) 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; or

(b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or (c) a public authority

WHAT WOULD CONSTITUTE CSR EXPENDITURE?

a) Salaries paid by the companies to regular CSR staff as well as to volunteers of the companies (in proportion to company's time/hours spent specifically on CSR);

b) Contribution to Corpus of a Trust/ society/ section 8 companies etc. as long as the Trust/ society/ section 8 companies etc. is created exclusively for undertaking CSR activities or where the corpus is created exclusively for a purpose directly relatable to a subject covered in Schedule VII of the Act.

CSR BUDGET

The annual budget for Vastu's CSR initiative shall be approved by the Board of Directors on recommendation of the CSR Committee of the Company. The allocation of funds to specific projects/ programs will be as decided by the Board.

Any surplus arising out of the CSR Projects or programs or activities shall not form part of the business profit of the Company;

MONITORING AND REPORTING FRAMEWORK:

- a) The CSR Committee shall meet once in a year or as and when the need arises to review and recommend the CSR activities of the Company.
- b) The CSR activities will also be reflected in the annual accounts of Company under the head 'Expenditure under CSR Activities'.
- c) The minutes of the CSR Committee shall be presented to the Board for its review and scrutiny.
- d) The impact assessment reports, if any, undertaken shall be placed before the Board and shall be annexed to the annual report on CSR.
- e) The Board of Directors of the Company shall mandatorily disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on their website, for public access.
- f) The Board shall meet inter alia to monitor the progress of CSR programs, CSR spending, and review if any changes are required.
- g) The Company may communicate its CSR efforts to all its employees and external stakeholders through emails, its own website, and other appropriate dissemination channels.

DISCLOSURES

The Board's Report of the Company to include an Annual Report on CSR outlining the CSR Policy, CSR committee, CSR initiatives undertaken by Company, the amount spent on CSR activities during the financial year and other information as prescribed in the Companies Act, 2013 or CSR Rules as amended from time to time.

AMENDMENTS IN THE POLICY

Any amendment or modification to the CSR policy shall be approved by the Board on the recommendation of the CSR committee. The contents of this policy shall be disclosed on the website of the Company.