

## **CORPORATE SOCIAL RESPONSIBILITY POLICY**

### **1. INTRODUCTION**

The Company was incorporated as Apna Ghar Vitta Nigam Ltd as a subsidiary of Central Bank of India under the Companies Act, 1956 on 19th May, 1991. Subsequently the name was changed to "Cent Bank Home Finance Ltd" (CBHFL). The Company was set up with a main objective to provide long term finance for the Housing needs of the Individuals as well as Corporates engaged in housing activities. The other promoters of the Company are National Housing Bank, Unit Trust of India, and Housing & Urban Development Corporation Ltd. The Company has been registered with National Housing Bank and commenced its operations since 18<sup>th</sup> June 1991.

The Corporate Social Responsibility (CSR) Policy of the Company is aligned with its overall commitment to maintain the highest standards of business performance.

The Policy has been framed as per the provisions of section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014.

### **2. POLICY FOR ACTIVITIES UNDER CORPORATE SOCIAL RESPONSIBILITY**

- a) The Company endeavours to contribute to CSR activities as specified under Schedule VII of the Companies Act, 2013. A corpus with an amount not exceeding 2% of the Average Net Profits\* of the Company made during the 3 (Three) immediately preceding financial years will be made for this purpose as per the provisions of the Act and rules made there under. Further any unspent amount during the year will be carried forward to the next year.

Average Net Profits means- Net Profit calculated in terms of section 198 of the Companies Act, 2013 for the last three financial years.

- b) As a part of CSR program the Company plans to focus on the following activities:

#### **CSR Activities**

- i) Communal Development Projects as enumerated in Annexure-I
- ii) Contribution to the Prime Minister's National Relief Fund or other fund set-up by the Central Government or the State-Governments for the socio-economic developments and relief and funds for the welfare of the Scheduled Castes, Scheduled Tribes, other backward classes, minorities and women

Any unspent amount will be carried forward to the next year.

### 3. CSR COMMITTEE AND ITS ROLE

The Board shall constitute CSR committee from time to time in accordance with provisions of section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014. The CSR Committee shall play the following role in fulfilling the Company's CSR objectives:

- Formulation and review of this CSR Policy indicating the activities to be undertaken by the Company towards CSR initiatives;
- Approval of the amount of expenditure to be incurred on the CSR activities;
- Formulation of a transparent monitoring mechanism for ensuring implementation of the projects/ programmes/ activities proposed to be undertaken by the Company or the end use of the amount spent by it towards CSR activities.
- Monitor and implement this Policy from time to time
- Annually report to the Board, the status of the CSR activities and contributions made by the Company
- Any other requirements mandated under the Act and Rules issued thereto

### 4. CONCEPT, SCOPE, AND OBJECTIVES of Community Development (CD)

- a) **Concept:** The CD projects of CBHFL would mainly be aimed at communities in the neighborhood, with efforts to improve the quality of life of the people in areas surrounding the offices. In order to make an impact, CBHFL would primarily work through the elected municipal body and/or NGOs and augment its efforts on providing access to basic amenities on water, sanitation, roads, health, education and other relevant infrastructure.
- b) **Scope:** The policy applies to the formulation, execution, monitoring, evaluation, and documentation of CD projects in the target locations, near Company's offices/branches, normally, within 20 Km radius of the Company's offices/branches. An indicative list of different CD projects is placed at **Annexure – I**.
- c) **CD Objectives:**
  - i) CBHFL would take up CD activities with an objective to integrate social goals and to address the aspirations of the Stakeholders, in line with the practice of sustainable development and inclusive growth in conformity with the corporate business plan.
  - ii) CBHFL would strive to augment the efforts of the panchayat or the municipal body in the target village/town/City and improve the standard of living of the community in the target locations through its CD activities and maintain a cordial relation with the local authorities and communities through transparent and sustainable development activities. The target location plan would generally be within 20 Km radius of the Company's offices/branches.

## **5. INSTITUTIONAL SET-UP**

### **I) Internal organizational structure:**

The following two tier structure would be responsible for implementing CD activities:

- a) Head Office
- b) Branch Offices

#### **a) Head Office:**

A committee consisting of Managing Director, General Manager and Head Finance Accounts/Company Secretary/HR Dept at Head Office would be responsible for policy matters, compilation of information and preparation of annual reports and finalizing CD projects related to the Operating station/locations.

It would also be responsible for approval of Community Development Actions Plans (CDAPs) and facilitating the process of allocation of commensurate funds to the branch offices.

In addition, it would also be responsible for implementing activities undertaken at locations other than at operating station. The monitoring of CD activities taken up at branch offices would also be the responsibility of the Head Office.

#### **b) Branch Offices:**

The Branch offices would be responsible for needs assessment of the surrounding locations, preparation of CDAP (Community Development Action Plan), implementation, reporting and monitoring on the physical and financial progress of the strategic interventions planned for the term on a regular basis.

### **II) Staff for CD programs**

CBHFL to form a team, comprising of HR & other executives, dedicated to CD, at the operating station. A member among HR group at Head Office would be identified for coordinating CD activities and related responsibilities. The selection of officers and staff for CSR will be done on the basis of their willingness and interest in and commitment to CSR.

Depending on specific activities, experts/professionals can also be engaged, on contract basis, for planning and implementation of these activities.

## **6. BUDGET AND FUND ALLOCATION**

- The annual CSR budget allocation would normally be approved by CSR Committee in line with the Companies (Corporate Social Responsibility Policy) Rules, 2014. This would, however, be suitably modified based on any further Ministry of Corporate Affairs' notifications in this regard.
- Based on the total approved Budget, a Internal Committee comprising of Managing Director, General Manager and Head Finance Accounts/Company Secretary/HR at Head Office would be authorized to allocate funds for different projects as approved by CSR

Committee on the basis of identified CD plans on yearly basis, under different budget heads for undertaking CD activities.

## **7. IMPLEMENTATION**

CD activities would be implemented within 20 Km radius at the Company's Office/branches. CBHFL would primarily work through the elected municipal body/local authorities (by way of sponsorship or otherwise) and/or through NGOs and shall augment its efforts on providing access to basic amenities on water, sanitation, roads, health, education and other relevant infrastructure as enumerated in **Annexure-I**.

### **Selection of NGOs (Registered Trust or a Registered Society):**

The Company can also implement CD activities through NGOs, which shall be a registered trust or a registered society having established track record of three years in undertaking similar programs or projects. The Company will specify the project or programs to be undertaken through these entities, the modalities of utilization of funds on such projects and programs and the monitoring and reporting mechanism. The Company will issue a call for proposals from NGOs for implementing the projects or programs. Proposals will be invited as per laid down procedures i.e. by call of Expressions of Interest (**See Annexure-II**). The final selection will be undertaken by the CSR Committee.

In addition to above the Company may also allow the branches to submit CSR proposals to Head office that they are willing to undertake at their branches along with the name of the implementing agencies and their track record and such other details as requested by Head office. Head office shall vet the said proposals submitted by the branches and recommend to the CSR committee for its final selection.

Within the overall framework of the CSR Policy and aligned to the business plan of the CBHFL, the CSR Committee will facilitate the development of an annual CSR action plan and budget. This will include projects identified by the CBHFL staff at various locations.

## **8. MONITORING**

The implementing organisations and the supervising agencies contracted by the Company for CSR activities will submit quarterly reports to CSR Committee till the pendency of the contract. At the end of the contract period, each organization would be required to submit a full project report, statement of accounts and utilization certificate within three months from the date of completion of the project duly certified by the auditors of NGOs or any firm of Chartered Accountants, duly vetted by the supervising agency

## **9. REPORTING**

Based on the monitoring reports collected from implementing organisations, the activities undertaken by CBHFL will be reported and form a part of the Annual Report of CBHFL. The Board of Directors of CBHFL will also be kept informed, from time to time, on the CD activities undertaken by CBHFL.

Efforts will also be made to quantify the impact made by CD projects, to the best possible extent, with the baseline data/existing status surveys developed before the start of any CD project.

## ANNEXURE - I

Indicative List of possible areas of interventions:

1. Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water.
2. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and livelihood enhancement projects;
3. 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
4. Health and family welfare
5. Relief of victims of natural calamities like earthquake, cyclone, drought, flood situation.
6. Supplementing development programs of the government
7. Construction of community centres/ night shelters/ old age homes
8. Imparting vocational training
9. Scholarships to meritorious students belonging to the weaker section.
10. Skill training, entrepreneurship development and placement assistance programs for youth.
11. Provision of Non – Conventional Energy Sources
12. Activities related to preservation of Environment, Ecology with focus on coastal areas.
13. Activities related to energy conservation.

## Annexure II

### Format for submission of project proposal

All proposals, unless otherwise desired, shall be submitted as per the following format. The Project proposal should be as per guidelines mentioned herein and should be accompanied by the following documents:

(i)	Title of the project :	
(ii)	Executive summary of proposal :	
(iii)	Objective & Targeted group(s) of the project/proposal :	
(iv)	Geographical area of execution of project & reason for selecting that area, if applicable :	
(v)	Budget Details (detailed cost break-up (head-wise). The budget /financial assistance sought by the NGO/organization should not be more than double of the total financial transaction of the NGO of the previous year.	
(vi)	Execution/Implementation Plan (with specific time-frame) :	
(vii)	Monitoring plan (with specific time-frame) :	
(viii)	Human Resources involved (paid staff, volunteers, etc.) :	

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(ix) Outcome / benefits of the project :

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The proposal will be submitted along with the following documents:

- (a) Copy of the registration certificate / Trust Deed/ MOA/MOU
- (b) Annual report (audited) of the past Three years
- (c) Copy of PAN card and TAN no.
- (d) List of Board of Directors/ Governors/ Trustees/ Executive Committee Members, their addresses and contact numbers

- (e) Certificate to the effect that the contribution made to NGOs qualify for tax exemption under Income Tax Act, 1961 (if any) i.e. U/s 80 G, U/s 35 AC etc of Income Tax Act or related clauses of existing/applicable Finance Bill
- (f) Declaration whether any of the Board of Directors/Governors/ Trustees/ Executive Committee Members have any official dealing with Cent Bank Home Finance Ltd or are related to any Board Members of Cent Bank Home Finance Ltd.
- (g) Any other documents requested.
- (h) Undertaking: The Grantee will execute an undertaking to the effect that the grantee will
  - i) Abide by all conditions of the grant
  - ii) Not divert the grants and entrust execution of the scheme of work concerned to other institution(s) or organization (other than approved ones). However, it can engage local organization or outsource some expert oriented activity if needed, with due approval of Cent Bank Home Finance Ltd and
  - iii) In the event of any failure to comply with these conditions or committing breach of the undertaking, the grantees will be liable to refund the entire/unutilised amount of the grant to Cent Bank Home Finance Ltd along with interest @18% per annum.
- (i) All documents (each page) should be duly signed and stamped by the applicant and Trustee Chairman of the organization. The NGO should be able to produce any original document on demand by Cent Bank Home Finance Ltd

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### **Guidelines and criteria for NGO selection**

**1. Legal Status:** The NGO should be a legally registered organization including

- a) Organization registered under the Societies Registration Act of 1860
- b) Charitable companies registered under the Charitable and Religion Act 1920
- c) Public Trusts registered under the Indian Trust Act 1882;
- d) Licensed company under Section 25 of the Companies Act 1956 or Under Section 8 of the Companies Act, 2013
- e) Cooperative professional bodies such as IPA, IMA, The Institution of Engineers etc.
- f) Other registered institutions like schools, colleges, universities, hospitals, etc.
- g) The NGO/organization should be registered for a period of minimum three years as on date of submission of their application to Cent Bank Home Finance Ltd.

**2. Infrastructure:**

The basic infrastructure of the NGO should be in place [premises (whether own or rented), basic office equipments, etc.]. NGOs should disclose financial assistance received from other sources.

**3. Stable Organizational Structure (to help ensure accountability)**

The NGO should have a clearly defined staff structure including number, names, roles & responsibilities of the staff, etc. involved in the project, organization's capacities, staff experience and expertise in the



context of the proposed project and otherwise, geographical area covered by the organization, other projects undertaken by the Organization.

**4. NGOs having strong credible links shall be given, preference:**

- (a) The NGO should, preferably, have prior experience in the proposed area of work.
- (b) The NGO should have at least three years' established track record in any of the related development fields such as social welfare, environment conservation, sanitation, education/ non-formal education, training, women empowerment, community development, health, child labour, slum development, disabilities, etc.
- (c) NGOs will be compliant with various legislations that are enacted from time to time, rules framed there under and Guidelines issued by the Government or any other concerned authority.
- (d) Any contribution to the NGO should preferably qualify for tax exemptions under Income Tax Act 1961.

**5. A robust financial management system and clean tack record:**

The NGO must necessarily have a financial management system in place including an independent bank account and annual audits, with necessary documentary evidence. CBHFL shall not engage with any NGO which:

- (i) has pending legal disputes and or enquiries in connection with offences like cheating, misappropriation of funds, exploitation of beneficiaries, etc.
- (ii) is blacklisted by any government agency like 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.
- (iii) A self declaration w.r.t. (i) & (ii) should be given by the NGO at the time of submitting a proposal.

**6. Good working relationship and networking with other NGOs:**

The NGO should have good working relationship and networking with other NGOs and Government bodies in its operational area.

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