

Corporate Social Responsibility (CSR) Policy

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Version History	<p>Version 1: Initial version dated 26th March, 2014</p> <p>Version 2: Incorporating change in the composition of the CSR Committee upon the cessation of Mr. K.Chandrasekar as the Director and Member of the Committee. Effective from 16th October, 2019.</p> <p>Version 3: Incorporated modifications in the CSR Policy pursuant to notifications issued by MCA giving activities which may be undertaken by companies under CSR initiative. Effective from 24th August, 2020.</p> <p>Version 4: Incorporated changes pertaining to the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 and Section 135 of the Companies Act, 2013, vide Notifications issued by the MCA on 22nd January 2021. Effective from 22nd January 2021.</p> <p>Version 5: Incorporated changes in the constitution of the CSR Committee and for ownership of the document, name replaced with designation.</p>

Mahindra Rural Housing Finance Limited.

At MRHF, we believe in serving our community through our business model. We ensure that our community which is outside the purview of our business is equally taken care of. Through constant and collaborative interactions with our external stakeholders, MRHF, strives to become an asset in the communities where it operates.

1. Objective of CSR policy

Our aim is to actively implement projects and initiatives for the betterment of society, communities, and the environment at large as part of our Corporate Social Responsibility (CSR).

The main objective of this policy is to continuously and consistently-

- Define and lay down the guiding principles and strategies implementing company's CSR initiatives.
- Outline our Board's vision and approach for undertaking CSR and creating impact in the community.
- Encourage an increased commitment and engagement from employees towards CSR and volunteering interventions called ESOPs (Employee Social Options).

2. Policy Guidelines

- All CSR Projects should be in accordance with the points mentioned in Schedule VII of the Companies Act, 2013.
- All CSR projects / interventions must be undertaken in India (except training of Indian Sports Personnel representing any State or Union territory at national level or India at international level).
- The Company may seek help from International Organizations in designing, monitoring, and evaluating its CSR Projects, and in assisting with capacity building of its personnel. However, it is clarified that such organizations cannot take the responsibility of actual implementation of the CSR initiatives.
- The initiatives undertaken in pursuance of normal course of business of the company cannot be considered as CSR interventions.
- Projects or programs or Interventions that benefit employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019) shall not be considered as CSR activities.
- CSR interventions should be in project/program mode. Occasional events such as marathons/awards/charitable contribution/advertisement/sponsorship of TV programs etc. and any other sponsorship activity deriving marketing benefits for the company's products or services will not qualify as part of CSR expenditure.
- Contribution of any amount directly or indirectly to any political party shall not be considered as CSR.

- Activities carried out for fulfillment of any other statutory obligations under any law in force in India will not qualify towards CSR requirements.

3. Scope and Applicability

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 the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 (including any statutory modifications, amendments or re-enactments of any of them for the time being in force).

4. Mission

Driving positive impact in communities.

5. CSR Thrust

In order to undertake the CSR Projects we have identified certain thrust areas based on our mission. The actual allocation of budget for these thrust areas will depend upon the local needs as may be determined by the need identification studies or discussions with local government/Gram Panchayat/ NGOs. The Company shall give preference to the local area and areas around which the Company operates.

Thrust areas:

a) Education

- Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.

b) Health

- Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water.

c) Environment

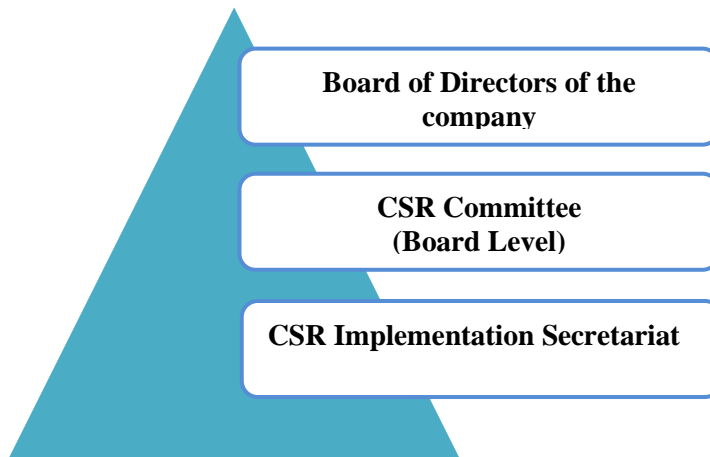
- Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water.

d) Others

- From time to time, the Company may identify newer Thrust Areas to the above list, considering such activities are defined in Schedule VII of the Companies Act, 2013, as amended, periodically.

6. Governance Structure

The Company has a well-defined and robust governance structure to oversee the implementation of the CSR Policy, in compliance with the requirements of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.



6.1 Role of the Board of Directors

The roles and responsibilities of the Board of Directors towards CSR shall include:

- Provide recommendations and approval for the annual action plan formulated and presented by the CSR Committee for spending of the prescribed CSR budget.
- Alter the recommended annual action plan at any time during the financial year, if required, as per the recommendation of its CSR Committee, based on the reasonable justification.
- Ensure that in every financial year, the company spends at least 2% of the average net profits made during the three immediately preceding financial years in pursuance of its CSR Policy.
- Ensure that the Company treats the CSR Spends i.e. CSR surplus, excess expenditure, unspent CSR funds and administrative overheads as per the modalities prescribed in the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.
- In case of ongoing project, the Board of a 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.
- Specify in its Report the reasons for not spending the amount if the Company fails to spend such amount.

- Disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on the Company's website, if any, for public access.

6.2 Composition of CSR Committee

The CSR Committee of the Board of Directors comprises of the following Members:

Mr. Ramesh Iyer	Chairman
Mr. Rajnish Agarwal	Managing Director
Ms. Anjali Raina	Independent Director
Mr. Vivek Karve	Director

Note : Changes in the CSR Committee constitution carried out pursuant to the re-constitution of the Committee by the Board of Directors at its meetings held on 17th July, 2021 by removal of the name of Mr. V. Ravi upon him ceasing to be the Director and appointment of Mr. Vivek Karve as a member, and 21st October, 2021 by removal of the name of Mr. Anuj Mehra who ceased to be the Managing Director (and Director) of the Company with effect from end of the business hours on 30th September, 2021 and appointment of Mr. Rajnish Agarwal as a member.

6.3 Role of the CSR Committee

The Corporate Social Responsibility Committee of the Board ('CSR Committee') is responsible for formulating and recommending to the Board an annual action plan consisting of list of approved projects or programs to be undertaken within the purview of Schedule VII of the Companies Act, 2013, manner of execution of such projects, modalities of fund utilization and implementation schedules, monitoring and reporting mechanism for the projects, and details of need and impact assessment, if any, for the projects to be undertaken.

6.4 Role of the CSR Implementation Secretariat

The amount to be spent for CSR Projects shall be recommended to the CSR Committee by the CSR Implementation Secretariat for execution of the approved projects. The Implementation Secretariat would be regularly associated with the implementing partners to oversee the on ground implementation of the projects.

7. Funding and Allocation

For the annual CSR budget, the CSR committee will allocate 2% of the average net profits of the company made during the three immediately preceding financial years, calculated in accordance with the relevant Sections of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021. The CSR budget will be

utilized for fulfilling the CSR objectives of the company by implementation of meaningful and sustainable CSR projects.

The Company may spend up to 5% of the total CSR expenditure in one financial year on building CSR capabilities and other general and administrative overheads. The Company may also make contributions to Mahindra Group's Corporate Foundations/Trusts i.e. K. C. Mahindra Education Trust any other Non-Government Organization (NGOs) towards its corpus for projects approved by the Board. The CSR Committee will recommend the CSR budget to the Board annually, for its approval and guide the CSR Implementation Secretariat for effective execution.

The Company shall spend up to 5% of the total CSR expenditure in one financial year or 50 lakh rupees, whichever is lesser, on undertaking impact assessment for the applicable projects, as required by the law.

The surplus amount for any ongoing project based on the budget will be allocated towards the same ongoing project which is to be spent in any of the three succeeding financial years and will be transferred to the unspent corporate social responsibility account opened with a scheduled bank by the Company within 30 days from the end of the financial year. For other projects, such amount will be transferred to a fund specified in Schedule VII within 6 months of the expiry of the financial year.

Any surplus arising out of the CSR Projects or Programs or activities shall not form part of the business profit of the Company and will be ploughed back into the project in the current Financial Year or be allocated for an ongoing project to be spent in any of the three succeeding financial years or will be transferred to a fund specified in Schedule VII.

Any excess expenditure i.e., beyond the prescribed CSR budget will be disclosed in the Board's CSR Report and shall be made available for set off against the CSR requirement to spend in any of the three succeeding financial years.

The Board of Directors will satisfy itself that the funds so disbursed have been utilized for the purposes and in the manner as approved by it and the Chief Financial Officer will certify the same to that effect.

8. Volunteering of employees from the organization

The Company will encourage and recognize its employees for volunteering to serve the community.

The Company shall endeavor to increase employee participation at all levels in the Organization, by encouraging employees to participate in the Company's CSR initiatives.

9. Implementation

- The CSR Committee shall provide guidance on the allocation of the CSR budget among the thrust areas on an annual basis.
- CSR Projects will be undertaken based on the recommendation of the CSR Committee to the best possible extent, within the defined Thrust Areas.
- The CSR projects will be undertaken as per the Annual Action Plan approved by the Board. The plan would include the list of the CSR projects, the Thrust Areas, mode of execution of projects, implementation schedule, fund utilization, monitoring and reporting mechanism and the details of the need and impact assessments.
- MRHFL's support to any project will depend on the scale of the project and feasibility of the project. The CSR Council has a formal process of evaluating and approving CSR projects. The CSR Council will evaluate the project progress and impact quarterly.
- The Company may also collaborate with other Companies for undertaking project or programs or CSR activities in such a manner that the CSR Committee of respective companies are in a position to report separately on such project or programs in accordance with CSR rules.

10. Monitoring process of CSR Interventions

- To ensure effective implementation of the CSR intervention, a monitoring mechanism has been established by the CSR Implementation Secretariat to maintain a regular connect with the implementing partner and take corrective actions at the right time.
- The implementing partners will report on a quarterly basis the progress of the project activities, the utilization of funds disbursed and plans for sustainability of the project.
- The CSR Committee will monitor and review on a regular basis or as and when required the progress of CSR initiatives undertaken.
- The fund utilization made in projects as approved by the Board, will be certified by the Chief Financial Officer of the Company.
- Applicable projects, as required by the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, shall be subjected to an in depth impact study to assess the impact created through the project.
- In case of deviation in implementation as defined in the annual action plan, such changes will be approved by the CSR Committee and the Board of Directors of the Company.
- In order to ensure transparency and communication with all stakeholders, the CSR Policy and the list of approved projects will be uploaded on the Company's website and made available in the public domain.

11. Criteria for identifying CSR projects Interventions

- Project objectives.
- Base line Survey/Need Assessment
- Implementation schedules.
- Defined fund disbursement schedules.
- Responsibilities and authorities.
- Major results expected and measurable outcome.

12. Criteria for identifying Non-Governmental Organizations (NGOs)

CSR initiatives will be implemented either directly by the Company through its ESOPs structure where the MRHFL employees will directly implement the CSR interventions or through implementing agencies (NGOs). The implementing agencies being considered for a partnership will need to comply with the following criteria:

- The NGO can be a company established by the Company either singly or along with any other company and can be a company established under Section 8 of the Companies Act, 2013 / Registered Public Trust / Registered Society with a registration under Section 12A and Section 80G of the Income Tax Act, 1961, or
- The NGO can be a company registered under Section 8 of the Companies Act, 2013 / Registered Public Trust / Registered Society with a registration under Section 12A and Section 80G of the Income Tax Act, 1961 and with an established track record of at least 3 years, or
- The NGO can be an entity established under the act of Parliament or State Legislature, or
- The NGO can be a Company established under Section 8 of the Act/ Registered Trust / Registered Society established by the Central or State Government.
- The NGO / Agency will need to have a permanent office in India.

All implementing partners sufficing any of the above-mentioned conditions will need to register themselves with the Central Government by filing e-form CSR-1 electronically and obtain a unique CSR Registration Number from the MCA.

The Company may also collaborate with other companies to undertake CSR Projects or Programs, provided the CSR Committees of the respective companies are in a position to report separately on such projects or programs.

13. Definitions

- **Company** refers to Mahindra Rural Housing Finance Limited
- **Act** means the Companies Act, 2013, as amended from time to time.

- **CSR Rules** refers to Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, as amended from time to time.
- **Board** refers to Board of Directors of the Company.
- **CSR Project/Program** means the interventions undertaken by the Company in pursuance of its statutory obligation laid down in Section 135 of the Act.
- **CSR Committee** means the Corporate Social Responsibility Committee constituted by the Board of Directors pursuant to Section 135 of the Companies Act, 2013.
- **Net Profit** means the net profit of the Company as per its financial statement prepared in accordance with the applicable provisions of the Companies Act, 2013, but shall not include the following, namely: -
 - Any profit arising from any overseas branch or branches of the Company whether operated as a separate company or otherwise; and
 - Any dividend received from other companies in India, which are covered under and complying with the provisions of Section 135 of the Companies Act 2013.
- **Policy** means this Corporate Social Responsibility Policy, as may be amended from time to time.
- **Administrative overheads** refers to 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;
- **Ongoing Project** means a multi-year project undertaken by the Company in fulfillment 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 of Directors based on reasonable justification.

SD/-

Mr. Rajnish Agarwal
Managing Director & CEO
Mahindra Rural Housing Finance Limited