

Corporate Social Responsibility Policy

A. Background:

Supreme Housing Finance Limited (hereinafter referred to as “the Company” or “SHFL”) is a Public Limited Company incorporated under the provisions of the Companies Act, 2013 and registered as a Housing Finance Company (“HFC”) with the National Housing Bank (“NHB”).

At SHFL, we intend to make a positive difference to the society and contribute our share towards the social cause of betterment of society. We always believe in benefitting the underprivileged and those who have been deprived of even the basics in life. Helping, caring and sharing in whatever way possible is the approach, we follow when it comes to registering our presence beyond the realm of just business. With our efforts of giving back to society, we try to do our best to the society. In this regard, Company has made this policy which encompasses the Company’s philosophy for describing its responsibility as a good corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of the community at large, which is titled as the “Corporate Social Responsibility (CSR) Policy” based on provisions of Companies Act, 2013 and rules made thereunder.

As per Section 135 of the Companies Act, 2013 (“Act”) and Companies (Corporate Social Responsibility Policy) Rules, 2014 (“Rules”), Every Company having Net worth of Rs. 500 crore or more, or Turnover of Rs. 1000 crore or more, or a Net profit of Rs. 5 crore or more during the immediately preceding financial year, shall have CSR Committee of the Board consisting of Directors of the Company, adopt a CSR Policy, and draw out a framework for undertaking CSR activities laid out under the said Act. Such Company is also required to ensure that it spends in every financial year at least 2% of average net profit of the Company made during the three immediately preceding financial years.

B. Definitions:

- I. "Act" means the Companies Act, 2013.
- II. “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.
- III. “Annual Action Plan” means and includes –
 - 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 rule 4(1) of CSR Rules 2014;
 - 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

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- e) details of need and impact assessment, if any, for the projects undertaken by the company;
- IV. “Corporate Social Responsibility (CSR)” means the activities undertaken by a Company in pursuance of its statutory obligation laid down in section 135 of the Act and in accordance with the definition provided in rule 2(d) of the Companies (Corporate Social Responsibility Policy) Rules, 2014.
- V. "CSR Committee" means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act;
- VI. "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;
- VII. “Implementing Agency” means:
- 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.
- VIII. "Net profit" means the net profit of a company as per its financial statement prepared in accordance with the applicable provisions of the Act, and in accordance with the definition provided in rule 2(h) of the Companies (Corporate Social Responsibility Policy) Rules, 2014.
- IX. “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.

C. Composition of CSR Committee:

The Committee shall consist of total 3 (three) Directors from the Board, which includes at least 1 (one) Independent Director and other 2 (two) Directors as decided by the Board from time to time.

D. Role and Responsibilities of CSR Committee:

- i. To formulate and recommend to the Board, the Corporate Social Responsibility policy which shall include the activities to be undertaken by the Company as detailed in Schedule VII of the Companies Act, 2013.

- ii. To recommend the amount of expenditure to be incurred on activities referred above.
- iii. To formulate and recommend to the Board, an annual action plan.
- iv. To monitor the Corporate Social Responsibility activities of the Company from time to time.
- v. Review and reassess the adequacy of CSR Policy periodically and recommend any proposed changes to the Board for approval.
- vi. To institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the company.
- vii. Coordinate with such other agency/ entity for implementing programs and executing initiatives as per CSR policy and shall review the performance of such other agency/ entity periodically.
- viii. Delegate authority to subcommittees/ any individual when appropriate.

E. Role and Responsibilities of Board:

- i. The Board shall satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it;
- ii. The Board shall take utilisation certification from Chief Financial Officer or the person responsible for financial management to the effect that the fund was utilised for the purposes, it was disbursed.
- iii. In case of ongoing project, the Board 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.
- iv. Board may alter annual action plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.

F. CSR Activities to be undertaken by the Company, as detailed in Schedule VII of the Companies Act, 2013 is given below:

The CSR Committee constituted under Section 135(1) of Companies Act, 2013 will work on any or all of the following activities as detailed in Schedule VII of the Companies Act, 2013, relating to:

- I. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care.
- 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. Training to promote Rural sports, Nationally recognized sports, Paralympic sports and Olympic sports
- IV. Contributions to public funded Universities and Institutions;
- V. Rural development projects and Slum area development. Explanation. - For the purposes of this item, 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.

G. CSR Reporting:

The Annual Report on CSR containing particulars as specified in Annexure-II shall be include in the Board's report and on the company's website, if any.

H. CSR Obligation:

There is no maximum ceiling for CSR expenditure by the Company. However, as per Section 135(5) of the Companies Act, Company is required to spend, in every financial year, at least 2% of the average net profits of the company made during the 3 immediately preceding financial years on CSR activities.

In case the company spends an amount in excess of the aforesaid 2% of average net profits made during previous 3 Financial Year, then such excess amount may be set off against the requirement to spend for such number of succeeding financial years and in such manner, as may be prescribed by the Government in this behalf. At the end of each financial year, the Company shall prepare an annual report on CSR containing the particulars as furnished in Annexure "II".

I. CSR Budget:

The annual budget for 'SHFL' 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. CSR expenditure shall include all expenditure including contribution to corpus, or on projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee, but does not include any expenditure on an item not in conformity or not in line with activities which fall within the areas or subjects, specified in Schedule VII of the Act.

J. Monitoring the CSR activities:

Various CSR activities, projects and programs are to be monitored by the Company and progress is to be reported to be CSR committee of the Board at periodical intervals as may be required by the Committee, in the proforma similar to the annual report as furnished in the Annexure "II".

K. Display of CSR activities on the website:

The contents of the CSR policy of the Company as approved by the Board shall be displayed in the Companies official website. Further, the annual report as per Annexure-II shall also be displayed in the Company's website for public view.

L. 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 at: www.supremehomeloans.com.