

Aptus Value Housing Finance India Limited

Corporate Social Responsibility (CSR) Policy

1. INTRODUCTION

Corporate Social Responsibility ("CSR") integrates social and environmental concerns into a company's governance. Aptus Value Housing Finance India Limited (the "Company") is committed to contributing to sustainable development by enhancing the quality of life of communities where it operates. The Company believes in actively participating in initiatives that promote social welfare, financial inclusion, and community development.

2. SCOPE AND APPLICABILITY

This CSR Policy will act as 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 action plan.

This policy applies to all CSR initiatives and activities undertaken at various locations by the Company.

3. OBJECTIVES

The Company will undertake social projects that benefit the communities we serve and enhance the quality of life, health care of residents and their economic well-being in a focused manner, for maximum positive impact.

4. CSR GOVERNANCE

4.1. Role of the Board

The Board of Directors shall:

- Approve the CSR policy and any amendments thereto.
- Ensure that the Company spends at least 2% of its average net profit for the past three financial years on CSR activities, as mandated by the Companies Act, 2013.
- Oversee the implementation of CSR projects and monitor their impact.

4.2. CSR Committee

The Company shall constitute a CSR Committee comprising of at least three Directors, including at least one Independent Director. The Committee shall:

- Formulate and recommend the CSR Policy to the Board for approval. The Committee shall indicate the projects to be undertaken by the Company as specified in Schedule VII of Companies Act, 2013.
- Review and recommend the amount to be spent on CSR projects.
- Establish a monitoring and reporting framework for effective execution.
- Review the impact of CSR initiatives and suggest modifications if needed.

The Committee shall hold a meeting as and when required, to discuss various matters on implementation of CSR Policy of the Company. The members would thrive to hold at least one (1) meeting in a Year.

The Quorum for a meeting of Committee on CSR shall be one third of its total Strength (any fraction containing in that one-third being rounded off as one), or two members, whichever is higher.

4.3. Annual reporting:

The CSR Committee shall prepare an annual report on CSR particulars as specified in Annexure 2 of the Companies (CSR Rules) 2021 and such report shall be included in the Board's report annexed to the financial statements.

5. SELECTION OF CSR ACTIVITIES:

CSR activities shall align with Schedule VII of the Companies Act, 2013, and may include:

(a) ERADICATING HUNGER, POVERTY AND HEALTH

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;

(b) EDUCATION

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

(c) GENDER EQUALITY

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;

(d) ENVIRONMENTAL SUSTAINABILITY

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;

(e) HERITAGE, ART AND CULTURE

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 arts and handicrafts;

(f) NATIONAL WELFARE

Measure 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;

(g) SPORTS

Training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports;

(h) CONTRIBUTION TO FUNDS

Contribution to the Prime Minister's National Relief Fund or or Prime Minister's Central Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;

(i) RESEARCH AND DEVELOPMENT

- a. 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 Public Sector Undertaking or any agency of the Central Government or State Government, and
- b. Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).

(j) RURAL/SLUM DEVELOPMENT

Projects aimed at Rural area development and slum area developments

(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.)

(k) DISASTER MANAGEMENT

Disaster management, including relief, rehabilitation and reconstruction activities.

The above areas as enshrined in Schedule VII to the Act and included in this policy aim to provide macro areas in which CSR projects should be undertaken by the company.

The Company shall give preference to CSR initiatives in regions where it operates, particularly in rural and semi-urban areas.

6. EXCLUSIONS FROM CSR ACTIVITIES

The following activities shall not be considered as CSR expenditure:

- Activities undertaken in the normal course of business.
- Contributions to political parties.
- Activities exclusively benefiting Company's employees and their families.
- Activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services.
- Projects outside India (except for training of Indian sports personnel representing any State or Union territory at national level or India at international level).
- Activities carried out for fulfilment of any statutory obligations under any law in force in India.

7. CSR EXPENDITURE:

Requirement under Section 135 of the Companies Act, 2013: CSR expenditure shall not be less than 2% of the average net profits of the Company (calculated as per Sec-198 of the Companies Act, 2013), made during the three immediately preceding financial years.

Administrative Overheads: The Board of the Company shall ensure administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.

The company may spend up to 2% of the total CSR expenditure for that Financial year or Rs.50 lakhs, whichever is higher, on account of impact assessment towards Corporate Social Responsibility for that financial year.

Surplus from CSR activities: Any surplus arising out of CSR activities shall not form part of business profits of the Company. The Surplus amount shall be ploughed back into the same project or shall be transferred to the Unspent Corporate Social Responsibility Account and spent pursuant to this policy and annual action plan (or) transfer such surplus amount to the Fund specified in Schedule VII of the Companies Act 2013 within six months of the expiry of the financial year.

Excess CSR expenditure: In case the Company spends an amount in excess of the requirement under Section 135 of the Companies Act, 2013, such excess amount may be set off against the future CSR Spends up to immediate succeeding three financial years subject to the conditions that:

1. The excess amount available for set off shall not include the surplus arising out of the CSR activities;
2. The Board shall pass a resolution to that effect.

Capital assets: The Company may spend CSR amount for creation and acquisition of capital assets 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.

8. UNSPENT AMOUNT

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.

Any amount remaining unspent pursuant to any ongoing project shall be transferred within a period of 30 days from the end of the financial year to a special account 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 3 financial years from the date of such transfer, failing which the amount remaining unspent at the end of the 3 financial years in 'Unspent Corporate Social Responsibility Account' shall be transferred to a Fund specified in Schedule VII, within a period of 30 days from the date of completion of the third financial year. Unspent CSR amount other than the amounts related to ongoing projects, shall be transferred to a Fund specified in Schedule VII within a period of 6 months of the expiry of the financial year.

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.

In case of ongoing projects, 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.

The budget outlay dedicated for one project can be used against another project, subject to the condition that, the Board and CSR Committee should appropriately record the alteration in the target spending and modify the same in accordance with the actuals.

A company needs to open a separate 'Unspent CSR Account' for each financial year but not for each ongoing project.

9. IMPLEMENTATION MODALITIES

The CSR activities may be undertaken by the company by itself or through:

- a) a company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 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, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

The aforementioned entity(s), who intend to undertake any CSR activity, shall register themselves with the Central Government by filing the form CSR-1 electronically with the Registrar of Companies.

A company 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.

ANNUAL ACTION PLAN:

The CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its CSR 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;
- (f) Provided that Board 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.

10. IMPACT ASSESSMENT

If the average CSR obligation is ten crore rupees or more in the three immediately preceding financial years, the Company shall undertake an impact assessment through an independent agency, of the projects having outlay of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study. In addition to the above, additional projects may be selected at the option of the Company for impact assessment and/or mid-term assessment. These will be reviewed at CSR Committee and summary of the outcomes shall be placed before the Board. The report of such assessment shall be placed before the Board and shall also be annexed to the Annual Report on CSR.

The expenditure on account of impact assessment towards Corporate Social Responsibility for that financial year, shall not exceed two percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is higher.

11. GRIEVANCE MECHANISM

The Company encourages transparency in CSR initiatives. Any concerns or complaints regarding CSR activities can be communicated to the Company via email at cs@aptusindia.com.

12. DISPLAY IN WEBSITE

The Company shall mandatorily disclose the composition of the CSR Committee, CSR Policy and Projects approved by the Board on its website for public access.

13. POLICY REVIEW

The CSR Policy shall be reviewed periodically by the CSR Committee and recommended modifications shall be approved by the Board. The Company shall ensure compliance with all statutory requirements and any amendments to the Companies Act, 2013.
