

# L&T FINANCIAL SERVICES ("LTFS")

## CSR POLICY

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Applicable to L&T Finance Holdings Limited and its subsidiaries i.e.

L&T Finance Limited  
L&T Infrastructure Finance Company Limited.

L&T Housing Finance Limited  
Family Credit Limited

L&T FinCorp Limited  
L&T Infrastructure Debt Fund Limited

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# **1. PREAMBLE**

## **1.1 The CSR Concept & Applicability**

Corporate responsibility towards the stakeholders is fast emerging as one of the major considerations for businesses in the country. Organisations are gradually shifting their attention towards a wider view of social concerns while conducting their businesses. Corporate Social Responsibility (CSR) aims at connecting business to the society, wherein the business chooses areas of engagement with the local communities and people at large. The broader objective of CSR is to contribute with a responsibility, towards a better society and a cleaner environment.

LTFS engages in providing financial solutions to all segments of society. Our business model is woven around complementary, high-growth business segments across four core business groups: Retail Finance, Wholesale Finance, Investment Management, and Wealth Management. All of the four core business groups share Sustainability as one of their Core Values. In line with this value, the organization integrates community interests into its existence. Taking this philosophy ahead, LTFS has been supporting enhancement of Primary Education initiatives in rural areas, as a part of its CSR programmes, since 2010. Additionally, LTFS has also supported some Watershed initiatives like the construction of check dams in drought prone areas.

While this Policy document defines the CSR Vision of LTFS, it also explains the structure and method of implementation. The Policy is in compliance with Section 135 of the Company Act, 2013 and the rules notified thereunder. Due considerations were also given to Schedule VII of the Act while identifying the focus areas of CSR programs.

## 2. CSR VISION & GOALS

### 2.1 CSR Objectives

LTFS has a CSR vision to uphold human values with sustainable community development. The development will facilitate equal opportunities to everyone irrespective of caste, class, colour, gender and religion, leading to self-reliance. LTFS aspires to be known to society as a group which cares and seeks to build-up capacities of the underserved, marginalised and disadvantaged by working together, with and for them. This aspiration includes all aspects of human development for a dignified living. LTFS is committed to look at social responsibility beyond compliance while making social thinking a DNA of its existence. Leadership team and employees' participation will be an integral part of CSR.

### 2.2 LTFS CSR Thrust Areas

In line with the CSR Vision and Goals, the group will design all its CSR interventions, emphasizing on '**capacity building**' of the underserved and marginalised. Under capacity building, major emphasis will be given to programs that equip women & youth to be drivers of change and children as the future of a maturing economy. LTFS CSR Projects will also aim at promoting Indian Art and Culture, Environmental Sustainability, Healthcare and Employees Volunteering.

LTFS CSR Thrust Areas are divided into the following two sections:

#### → Primary CSR Thrust Areas

##### 1. *Quality Education*

We seek to achieve a better tomorrow through the medium of quality education and unleash the power of knowledge that is inaccessible to millions.

LTFS will have structured long term engagement with children, teachers and other educators associated with government, aided or non-aided schools at pre-primary, primary and high school levels for improvement in quality of teaching. Quality Education shall also include Financial Literacy initiatives for the society at large.

## 2. *Generating Sustainable Livelihoods*

LTFS will facilitate income generation activities on a large scale, as one of the alternatives to address inequalities and marginalization, thereby leading to inclusive growth.

Such projects shall impart training on livelihood related activities such as agriculture and allied activities, normally not covered in formal education system. This will entail an essential component of engaging with the community, women and bodies like '*panchayat*', '*anganwadi*' and other *influential office bearers* to improve the overall eco-system.

### → Secondary CSR Thrust Areas

#### 1. *Protection, Preservation and Promotion of Indian Art and Culture*

Supporting programmes and projects related to preservation, training and promotion of Indian Art and Culture, including classical music, folk and tribal art forms.

#### 2. *Preservation of Environmental Sustainability*

Promoting and practising the principles of Reduce, Reuse and Recycle. Ensuring integrity towards ecosystem.

#### 3. *Healthcare*

Supporting interventions related to preventive and curative healthcare.

## 2.3 LTFS CSR PROJECTS

Sr. No.	Name of Project	Modalities of Execution	Activity as per Schedule VII	Duration
1	Quality Education	In partnership with NGO Pratham	Education	Nov 2012-15
2	Watershed Management	In partnership with NGO- Savitribai Phule	Rural Development & Environment	July 2012-15
3	Community Teacher Training Program	In partnership with NGO Muktangan	Education and Reducing Inequality	July 2014-17
4	Support to 2 schools in slums	In partnership with NGO Kasturi Trust	Education	July 2014-17
5	Girl Child Education	In partnership with NGO Parivaar	Education	July 2014-17
6	Women Empowerment and Livelihoods Generation	In partnership with NGO Pradan	Rural Development and Reducing Inequality	July 2014-17
7	Environment and Waste Disposal Management	In partnership with Municipal Corporation and NGO	Environmental Sustainability	July 2014-15
8	Art and Culture- a) Barkha Ritu, b) Swara, c) Music Summit, d) Bharat Sangeet Utsav,	In partnership with organizations: a)Banyan Tree, b)Banyan Tree, c)Kala Sangam, d)Carnatica	Promotion of Art and Culture	Annual

	e) Swatantra, f) Shanmukhananda Music Festival, g) Hridayesh Festival)	Archival, e)The Artery, f)Shanmukhananda Sabha, g) Hridayesh Arts		
9	Community Development through Education and Youth Engagement	In partnership with NGOs/ CBOs/Professional Institutions	Livelihood Enhancement, Education, Rural Development	July 2014- 17
10	Primary and Secondary Education	In partnership with NGO Arpan	Education	July 2014- 15
11	Skill building and livelihoods generation interventions	In partnership with NGOs, Social Enterprises, Commercial Agencies	Livelihood Enhancement, Education, Rural Development	Aug 2014- 15
12	Capacity Building Programs through Workshop/ Seminars	In partnership with professional organizations	Education	Aug 2014- 2015

## 2.4 Geographical Reach

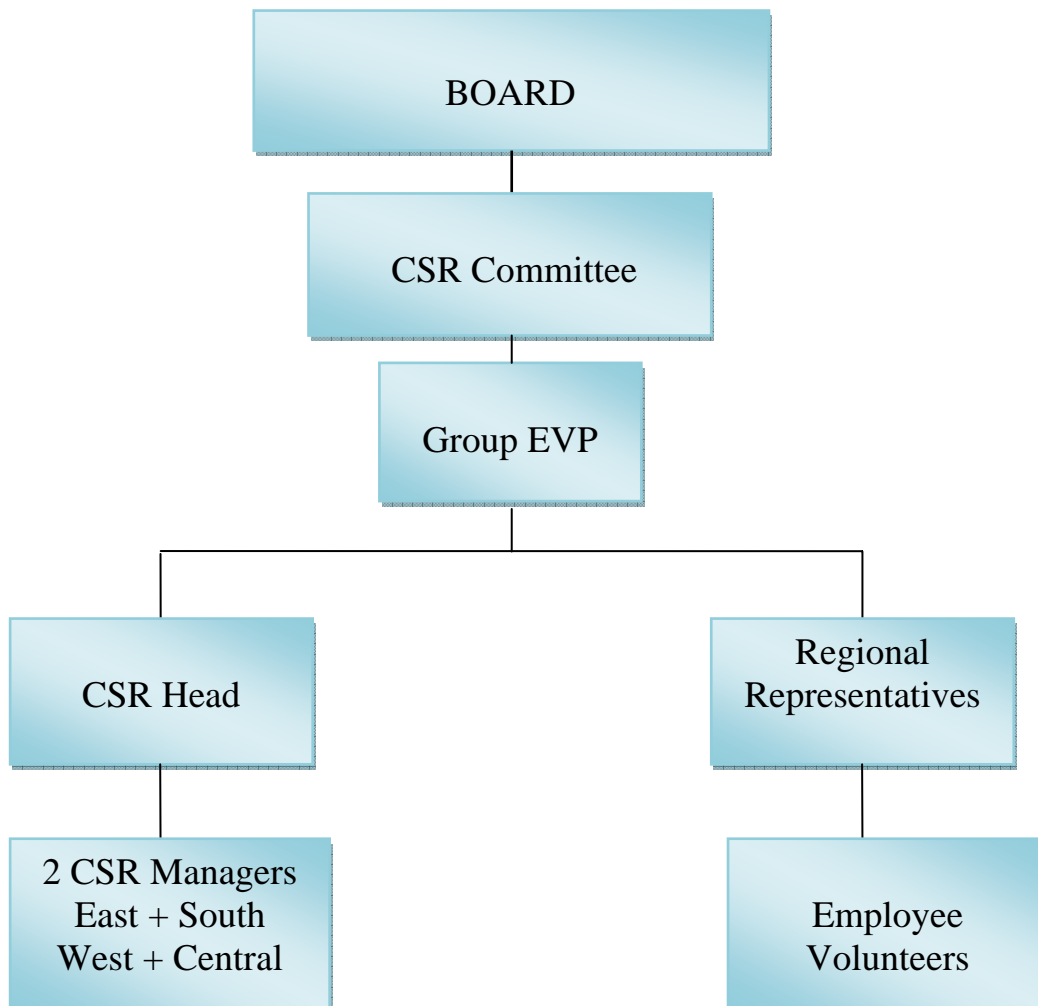
LTFS shall give preference to the areas where it has its business presence. Due consideration will also be given to locations which are under-developed and need immediate attention for socio-economic upliftment. Also, LTFS believes in partnering and collaborating with government, public and private organizations to support various developmental programmes. However, it will not engage in any activity which creates a parallel system conflicting with the prevailing practices.

### 3. GOVERNANCE & ADMINISTRATION

The Boards of the Companies have appointed / will appoint CSR Committees in accordance with the CSR legislation under section 135 of the Companies Act 2013. The Committees will have the responsibility of formulating CSR Policy to be approved by the Board, recommend CSR Programmes and allocate budgets, and monitor the implementation and expenditure of funds. They will also prepare Annual Report of the CSR Programmes, stating clearly the results of social audit and the resultant social impact. Gaps in implementation of the planned CSR Programmes will be reported with necessary corrective actions. The Committees are authorised to take professional support from individuals or organisations having expertise in related fields.

#### 3.1 Governance

##### Group Organization structure





## **3.2 Administration**

### *Roles and Responsibilities*

#### **Board**

- Ensuring that the CSR Activities included by each Company in its CSR Policy are related to the activities included in Schedule VII of the Companies Act 2013
- Approving the CSR policy as recommended by the CSR Committee
- Ensuring that in each financial year, the Company spends the approved budget in compliance with the Companies Act 2013 - Section 135 and notified rules
- Ensuring that every financial year, funds committed by the Company for CSR activities are utilized effectively and monitored as per a structured process

#### **CSR Committee**

- Recommending the CSR policy in compliance with Section 135 of the Companies Act 2013
- Identifying and recommending CSR activities and budget to the Board for approvals
- Instituting a transparent monitoring mechanism for implementation of the CSR projects and interventions undertaken by the Company

#### **CSR Team**

- Ensure structured Planning and effective delivery of CSR interventions
- Ascertain financial management and transparency in project funds
- Set up effective and structured evaluation and monitoring mechanism for CSR projects and interventions
- Document & periodically report to the CSR Committee and other internal and external stakeholders

## **4. RESOURCES**

### **4.1 Budget Allocation**

- For achieving its CSR objectives, the Company concerned would allocate adequate CSR funds, with the approval of the Board.
- The surplus arising out of the CSR Projects or programmes or activities shall not form part of the business profit of the Company.

## 5. PLANNING

LTFS' CSR programs will be identified and implemented according to the Board approved CSR policy. The Company will establish a robust project monitoring and evaluation mechanism so as to ensure every program is in accordance with the notified rules u/s 135 of the Companies Act 2013. By and large, every project/ programme/ intervention undertaken by the Company will be based on the following premises:

### 5.1 Project based approach

LTFS will follow a project based accountability approach to emphasize on the long term sustainability of CSR projects, where its action plan will be distinguished as '*Short-term*,' '*Middle-Term*' & '*Long Term*'; projects.

### 5.2 Broad Parameters for identifying & evaluating Projects

- a. CSR Thrust areas
- b. Project objectives
- c. Needs Assessment Study – It would give the basis on which the outcome of the programme would be executed and measured
- d. Targeted beneficiaries
- e. Projected measurable and achievable goals
- f. Scalability and Sustainability of the project
- g. Qualitative and Quantitative outcome.

## **6. IMPLEMENTATION**

### **6.1 Process of Implementation**

LTFS shall implement the aforementioned (Clause 2.3) CSR projects and programmes as a collaborative effort between Group Companies, in such a manner, that their individual CSR Committees will be in a position to report separately on such projects or programmes in accordance with Section 135- Companies Act 2013 and notified rules.

#### **→ CSR delivery channels**

LTFS will seek to identify suitable programmes for implementation in line with the CSR vision and thrust areas of the Company. The approved projects will be implemented either directly as a collaborative effort within LTFS companies or through partnerships with:

- Community based organizations whether formal or informal
- Voluntary Agencies ( Registered NGOs)
- Credible Corporate bodies
- Institutes/ Academic Organizations
- Registered Self-help Groups
- Government, Semi-Government and autonomous Organizations
- Professional Consultancy Organizations

### **6.2 Criterion for identifying Executing partner**

In case of program execution by NGOs/Voluntary organizations the following minimum criterion will be adhered to:

#### **→ Organization details**

- Vision, Mission & Objectives of the Organization
- Background of the Organization
- Track record of last 3 years

- Governance model adopted and practiced
- Best Resource mobilization & utilization practices followed
- Internal & external Audit / Assessment practices followed

→ *Programmatic Details*

- Planning, execution & field management practices.
- Reporting & Monitoring practices
- Measurable & achievable goals for 3 to 5 years & its action plan
- Qualitative & Quantitative impact.
- Ownership of the community
- Scalability and Sustainability of the projects

### **6.3 Agreement between LTFS & Executing partner**

The approved long-term CSR projects will require entering into a legal Memorandum of Understanding (MoU) with each of the executing / implementing partner organizations

## **7. MONITORING & REPORTING**

### **7.1 Periodic Monitoring & Reporting**

Parameters of progress reporting will be agreed upon with the respective implementation partners. The partners will be advised to submit reports at regular intervals, which will also be made available to authorised representatives of LTFS- the purpose of these being to record and report the short and medium term results of CSR activities. The implementation partners will also facilitate field visits of such individuals as mutually agreed upon. The CSR Committees shall oversee the implementation of the CSR Policy through periodic reviews of the CSR activities with partner organizations.

To ensure effective implementation of the LTFS CSR interventions, a structured monitoring mechanism will be put in place by the CSR Team and governed by the CSR Committees.

- In order to closely monitor and manage the field action projects, the CSR team at the Corporate Office will conduct *periodic field visits, impact studies and social audits* on an annual basis, through independent professional third party institutions, especially on the strategic and high value programmes.
- Regional LTFS nominated CSR representatives will also visit the projects periodically and review the progress of the project.
- Appropriate documentation of the CSR Policy, annual CSR activities, executing partners, and expenditure entailed will be undertaken on a regular basis and the same will be available in the public domain.
- CSR initiatives of LTFS will also be reported in its Annual Report.

### **7.2 Annual Review**

The CSR Team will prepare a Quarterly report of all CSR projects and/or interventions, with or without external support. Such reports will be presented to the CSR Committee on or before a date prescribed by the Committee.

## **8. DOCUMENTATION & DISSEMINATION**

The CSR Committee will be authorised to approve budgets for documentation of case studies of CSR Programmes. Written documents, films and web-based materials will be created and archived for future reference.

The CSR Team will also arrange training sessions or similar events to disseminate such information among the Members of LTFS or outside. Scope of such activities may also include supporting events organised by other agencies in which these information would be shared among the Indian and global citizen. This information will be available in the public domain or will be accessible to interested citizens for research or similar knowledge dissemination. The CSR Committee is authorised to allocate budget to support such CSR capacity building activities.

## **9. GENERAL**

- In case of any doubt with regard to any provision of the policy and also in respect of matters not covered herein, a reference to be made to Group CSR Department. In all such matters, the interpretation & decision of the CSR Committee will be final.
- Any or all provisions of the CSR Policy would be subject to revision/amendment as may be issued from Government or internally, from time to time.
- LTFS reserves the right to modify, cancel, and add any provisions in the policy.