

# Stock Holding Corporation of India Limited

## Corporate Social Responsibility Policy

Version no.	1.4 dated 27-07-2018
Approved by	Board

[Corporate Social Responsibility Policy proposed by the Corporate Social Responsibility Committee of Stock Holding and approved by the Board of Stock Holding. The policy may be updated or modified in case of any new compliance requirements or as desired by the Board of Stock Holding]

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## **a. Introduction**

1. Stock Holding Corporation of India Limited (StockHolding) strongly believes that Business & Corporate Social Responsibility (CSR) go hand-in-hand. Currently, all the CSR activities of StockHolding are being undertaken through SHCIL Foundation Trust, a public charitable trust registered under Section 12 (A) of the Income Tax Act, 1961 with StockHolding as a Settlor.
2. Ministry of Corporate Affairs (MCA) has notified Section 135 and Schedule VII of Companies Act, 2013 (hereinafter referred to as 'Act') along with the Companies (Corporate Social Responsibility Policy) Rules, 2014 (hereinafter referred to as 'CSR Rules') to come into effect from April 1, 2014.
3. The CSR policy of StockHolding has been prepared pursuant to the Section 135 of the Act and the CSR Rules. The CSR policy would serve as the referral document for all CSR related activities of StockHolding.

## **b. Financial resources**

4. Every financial year, StockHolding shall with the approval of its Board of Directors make a budgetary allocation for CSR activities. In line with the provisions of the Act and the CSR Rules, the budgetary allocation will be atleast 2% of the average net profits of StockHolding made during the three immediately preceding financial years. The surplus arising out of CSR activities shall not form part of the business profit of StockHolding.

## **c. CSR activities**

5. The activities as specified under Schedule VII of the Act which can be undertaken by any company for CSR related activities are given below :
  - i. Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation (including contribution to the swach bharat kosh set up by Central Govt. for promotion of sanitation) and making available safe drinking water
  - 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. 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.
  - iv. 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 Govt. for rejuvenation of river Ganga);

- v. Protection of natural 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;
- vi. Measures for the benefit of armed forces veterans, war widows and their dependents;
- vii. Training to promote rural sports, nationality recognized sports, Paralympic sports and Olympic sports;
- viii. Contribution to the Prime Minister's National Relief 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;
- ix. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- x. Rural development projects;
- xi. Slum area development

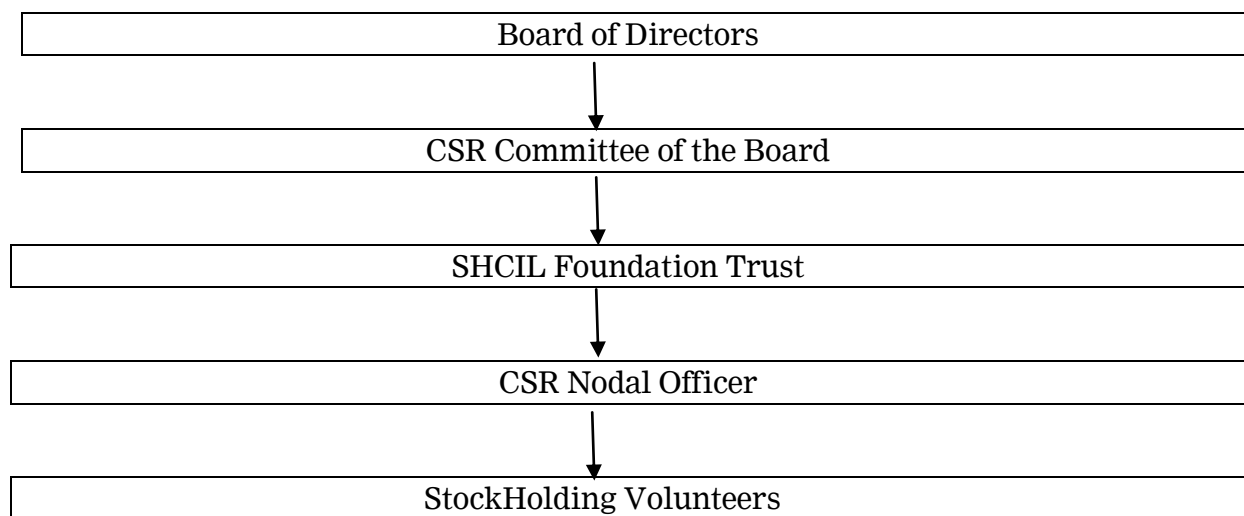
The CSR activities of Stock Holding will be in compliance with prevailing laws of India including Cigarettes and Other Tobacco Products Act (COTPA), 2003.

#### **d. CSR Expenditure**

- 6. CSR expenditure shall include all expenditure including contribution to corpus, for projects or programs relating to CSR activities approved by the Board on the recommendations of the CSR Committee but will not include any expenditure on any item not in conformity or in line with activities which fall within the purview of Schedule VII of the Act.
- 7. It is proposed that Stock Holding & its subsidiaries may undertake CSR activities either on their own or contribute by way of donation to SHCIL Foundation Trust or any other Trust for projects and program undertaking CSR activities directly related to subject covered in Schedule VII of the Act after the same are approved by the Board on recommendations of CSR committee/CSR Policy.
- 8. Stock Holding will give preference to the local area and areas where it operates, for spending the amount ear-marked for CSR activities.

**e. Governance Structure**

9. The Governance Structure for CSR at StockHolding is as depicted below :



**f. Role of the Board**

10. The role of the Board of Directors will be guided by the Act, Rules and any circulars / notifications issued by the MCA.

The role of SHCIL Board shall include the following :

- Based on the recommendations made by the CSR Committee, approve the CSR policy for StockHolding and disclose contents of such policy in its report and also place it on its website in prescribed manner.
- Ensure that the activities as are included in the CSR policy are undertaken.
- If StockHolding fails to spend the required amount, i.e. atleast 2% of the average net profits of the Company made during the immediately three preceding financial years, the Board shall in its report made under Clause (o) of sub-section 3 of Section 134 of the Companies Act, 2013, specify the reasons for not spending the amount.

**g. Role of CSR Committee**

11. The CSR Committee shall consist of 3 or more Directors out of which atleast one Director shall be an Independent Director.

The role of the CSR Committee will be guided by the Act, Rules and any circulars / notifications issued by the MCA.

The role of CSR Committee shall include :

- Formulating and recommending to the Board of Directors the CSR policy and indicating activities to be undertaken.

- Recommending the amount of expenditure for the CSR activities.
- Monitoring CSR activities from time to time.

#### **h. SHCIL Foundation Trust**

12. As specified under the Regulation no.4 (2) of the CSR Rules, 2014, the Board of a Company may decide to undertake its CSR activities approved by the CSR Committee through a registered trust. As per the general circular no 21/ 2014 issued by the MCA dated June 18, 2014, a 'registered trust' would include trusts registered under the Income Tax Act.
13. SHCIL Foundation Trust is a public charitable trust with StockHolding as a Settlor. The Trust is registered under Section 12(A) of Income Tax Act, 1961 for public charitable purposes. Currently, the Trust with support from StockHolding Volunteers reaches out to the underprivileged and deprived sections of the Society

#### **i. StockHolding Volunteers**

14. The employees of StockHolding who are interested in CSR related activities act as its Volunteers. For effective compliance, execution, supervision and reporting, an employee in the grade not lower than Vice President shall act as a Nodal Officer.
15. The Nodal officer and the Volunteers will be decided by the MD & CEO. The team will be enlarged as and when required by the CSR Committee. The Nodal Officer will submit reports regarding the progress in the implementation of the CSR activities to MD & CEO who will submit the report to the CSR Committee with his comments / suggestions, if any. The CSR Committee will in turn submit the report to the Board of Directors with its comments / suggestions, if any.
16. Since StockHolding has a PAN India presence which is divided into various regions, each Regional Managers are requested to identify activities recommended by the CSR Committee and approved by the Board which could be undertaken by SHCIL Foundation Trust and put in the proposals / appeals.
17. SHCIL Foundation Trust will receive the proposals / appeals for funding of projects / activities throughout the financial year. The Trustees will evaluate the proposals at SHCIL Foundation's meetings and deliberate on the proposals and approve the amount of expenditure to be incurred on each of the proposals.

#### **j. CSR activities to be undertaken by StockHolding**

18. In accordance with the requirements of the Act, Rules and circulars issued by MCA from time to time and based on the past experience gained through the CSR activities carried out by StockHolding through its Trust viz., SHCIL

Foundation Trust. It is proposed that the CSR activities of Stock Holding and its wholly owned subsidiary companies include

- i. Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation (including contribution to the swach bharat kosh set up by Central Govt. for promotion of sanitation) and making available safe drinking water (Point no.(i) of Schedule VII of the Act),
- ii. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects; (point no.(ii) of Schedule VII of the Act.
- iii. Any other area under Schedule VII of the Act.

**k. Action plan**

19. The proposed CSR activities and the action plan is as given below.

Sr. no.	CSR activities	Specific action plan
1	Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation, etc.	SHCIL Foundation Trust will contribute to the underprivileged and deprived sections of the society towards eradication of hunger, poverty, malnutrition, sanitation, health care etc. In addition donations would also be given to various credible and reputed NGOs involved in the said CSR activities.
2	Promoting education, including special education and employment enhancing vocation skills, etc.	SHCIL Foundation Trust's focus on education would be to provide grants to various schools and colleges which assist students of less privileged backgrounds. SHCIL Foundation Trust will also involve itself in setting up sanitation facilities, toilets, drinking waters, providing books / library in schools and colleges catering to the needy, under privileged sections of the society. For the said purpose, SHCIL Foundation Trust will involve with the local administration and partner with the government or other credible NGOs. In addition, donations would also be given to various credible and reputed NGOs involved in the said CSR activity.

3	Any other areas under Schedule VII of Section 135 of the Companies Act, 2013.	SHCIL Foundation Trust will contribute towards any other areas under Schedule VII of the Companies Act, 2013. The Trust will also collaborate with IFCI Social Foundation on a case to case basis.
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The CSR activities / action plan should ensure that atleast 5% of the funds be earmarked for projects / programs relating to CSR activities in the North East region.

## 1. Reporting and Disclosure

### Annual Reporting

20. The Board's report of Stock Holding for the financial year commencing from 1<sup>st</sup> day of April 2014 shall include a report on CSR containing particulars as specified in *Annexure '1'*.

### Company Website

21. The Board of Directors of Stock Holding, after taking into account the recommendations of CSR Committee, approve the CSR policy for the company and disclose contents of such policy in its report and the same shall be displayed on the company's website as per the particulars specified in the Annexure.



Annexure '1'

**Format for the Annual Report on CSR activities  
to be included in the Board's report**

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs
2. The composition of the CSR Committee
3. Average net profit of the company for last three financial years
4. Prescribed CSR expenditure (two percent, of the amount as in item 3 above)
5. Details of CSR spent during the financial year
  - (a) Total amount to be spent for the financial year
  - (b) Amount unspent, if any;
  - (c) Manner in which the amount spent during the financial year is detailed below.

S.No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs i. Local area or other ii. Specify the State and district where project or programs was undertaken	Amount outlay (budget) project or program-wise	Amount spent on the projects or programs Sub-heads 1. Direct expenditure on projects or programs 2. Overheads	Cumulative expenditure upto the reporting period	Amount spent ; direct or through implementing agency

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.
7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and policy of the Company.

Sd/- (Chief Executive Officer or Managing Director or Director)	Sd/- (Chairman CSR Committee)
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