# CORPORATE SOCIAL RESPONSIBILITY POLICY

Standard Capital
Markets Limited

Standard Capital Markets Limited

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**DOCUMENT IDENTIFICATION INFORMATION**

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| **Document Name** | Corporate Social Responsibility Policy |
| **Index** | CSR Governance/Company Law/ Compliance/ CSR Structure & Governance |
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This policy is issued by Standard Capital Markets Limited (hereinafter referred to as "SCML" or "Company") and encompasses all affiliated entities, employees, and stakeholders associated with SCML's operations.

## 1. Policy Statement

1.1. SCML is committed to conducting its business operations in a socially responsible and ethical manner, while contributing positively to society. SCML believe that businesses have a crucial role in addressing social, environmental, and economic challenges, fostering sustainable and inclusive growth.

1.2. This Corporate Social Responsibility Policy (hereinafter referred to as "CSR Policy") has been formulated in strict compliance with Section 135 of the Companies Act, 2013, and the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended.

1.3. The Policy outlines our approach to identifying, implementing, and monitoring CSR initiatives, ensuring that our activities are aligned with the legal requirements and contribute to national development priorities.

1.4. Corporate Social Responsibility Policy focuses on diverse areas such as education, healthcare, rural development, environmental sustainability, and the empowerment of marginalized communities. Our CSR efforts are not only driven by regulatory mandates but also by our strong belief in creating long-term value for society.

1.5. SCML is committed to adhering to the guidelines set forth by the applicable laws and rules, ensuring transparency, accountability, and effectiveness in all CSR activities. The company will integrate these initiatives into our broader business strategy, ensuring measurable and meaningful outcomes that benefit both society and our stakeholders.

## 2. Objective of the Policy

2.1. The objective of the CSR Policy is to provide a framework for SCML to effectively plan, execute, and monitor its CSR initiatives in compliance with Section 135 of the Companies Act, 2013, and the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended.

2.2. This policy aims to:

2.2.1. Establish guiding principles for the selection, implementation, and monitoring of CSR projects/activities that contribute to the social, environmental, and economic well-being of communities.

2.2.2. Outline the company's focus areas for CSR activities, ensuring alignment with the areas specified in Schedule VII of the Companies Act, 2013.

2.2.3. Ensure compliance with all applicable regulatory requirements while promoting sustainable development through meaningful social impact.

2.2.4. Foster active participation by employees, partners, and stakeholders in SCML's CSR initiatives.

2.2.5. Promote transparency and accountability in the allocation of resources and reporting of CSR activities, ensuring that the benefits of these initiatives reach the intended communities.

2.2.6. Monitoring process, Modalities of execution, and implementation schedule of the CSR activities/projects of the Company.

2.3. This policy reflects SCML's commitment to integrating responsible and ethical business practices into its core operations while positively contributing to society.

## 3. Applicability of the Policy

3.1. This Policy shall remain applicable to SCML for as long as the company continues to meet the eligibility criteria specified under Section 135(1) of the Companies Act, 2013 i.e. the company has net worth of rupees 500 crore or more, or turnover of rupees one thousand crore or more, or a net profit of rupees five crore or more during any financial year.

3.2. The policy applies to all CSR initiatives/projects/activities undertaken by SCML in compliance with Section 135 of the Companies Act 2013 and the Companies (CSR) Rules 2014, as amended.

3.3. The policy is mandatory for SCML, and applies to all CSR activities carried out either directly by the company or through its implementing agencies, partners, or other collaborations.

3.4. All employees, directors, and other stakeholders associated with CSR implementation are expected to adhere to the principles and guidelines outlined in this policy.

3.5. This policy is applicable to any CSR expenditure undertaken by the company, ensuring that all activities fall within the purview of the areas defined in Schedule VII of the Companies Act, 2013.

## 4. Definitions & Interpretation

For the purposes of this CSR Policy, the following terms shall have the meanings assigned to them:

4.1. "Administrative Overheads": Expenses incurred for the general management and administration of CSR functions within the company, excluding expenses directly incurred for designing, implementing, monitoring, or evaluating a specific CSR project or program.

4.2. "CSR": Refers to the business approach whereby companies contribute to society and the environment by integrating social concerns into their operations. In accordance with the Companies Act, 2013, companies are mandated to contribute a minimum amount to CSR activities if they meet any of the following criteria as prescribed in Section 135 of the Companies Act, 2013.

4.3. "Interpretation": Any term not specifically defined herein shall carry the meaning as defined under the Companies Act, 2013, the rules framed under it, or any other applicable law or regulation.

4.4. "Net Profit": Refers to the net profit of the company as reflected in its financial statements, prepared in accordance with the provisions of the Companies Act, 2013. It does not include:

4.4.1. Any dividends received from other companies in India that are covered under and complying with the provisions of Section 135 of the Companies Act, 2013.

4.4.2. Any profit generated by overseas branches, whether operated as a separate company or otherwise.

For foreign companies, "net profit" means the profit as per the profit and loss account prepared in accordance with Section 381(1)(a), read with Section 198 of the Companies Act, 2013.

4.5. “Ongoing Project”: A multi-year CSR project undertaken by the company in compliance with its CSR obligations, with a duration not exceeding three years, excluding the financial year of commencement. This also includes projects initially not approved as multi-year projects but extended beyond one year with Board approval based on reasonable justification.

## 5. Activities not covered within CSR

5.1. Activities carried out in the normal course of business of the company.

5.2. Any activity undertaken outside India, except for training Indian sports personnel representing any State or Union Territory at the national level or India at the international level.

5.3. Contributions made directly or indirectly to any political party.

5.4. Activities that exclusively benefit employees of the company.

5.5. Sponsorship activities undertaken for marketing benefits of the company's products or services.

5.6. Activities carried out for the fulfilment of any statutory obligations under any law in force in India.

## 6. Role of CSR Committee

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| **Constitution** | The Company shall constitute the CSR Committee of three or more directors with at least one independent director.<br>**Exemption:**<br>❖ In pursuance to Section 135 (9) of the Company's Act 2013, if the amount spend by the Company does not exceed Fifty (50) Lakh Rupees, CSR committee shall not be constituted and discharged by the Board of Directors of the Company.<br>❖ If the Company ceases to be covered under Section 135 (1) for three consecutive FYs, it shall not be required to constitute CSR Committee and comply with Section 135 (2) to (5) of the Act. |
| **Functions and Powers** | To ensure the effective implementation of the Company's CSR objectives, the CSR Committee shall have the following functions and powers:<br>a) The Committee shall formulate and recommend the CSR Policy to the Board of Directors of the Company.<br>b) Recommend the projects/activities undertaken by the company in line with Schedule VII of the Companies Act, 2013.<br>c) The Committee shall prepare and present an annual action plan to the Board, which shall include:<br>❖ The proposed expenditure to be incurred on the CSR activities. |

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| | ❖ A list of approved CSR projects or programs to be undertaken within the specified areas outlined in Schedule VII of the Act.<br>❖ The methodology for the execution/implementation of such projects or programs.<br>❖ Modalities for the utilization of funds and implementation timelines for the projects or programs.<br>❖ A monitoring and reporting mechanism for the CSR initiatives, including details of need and impact assessments for the projects undertaken. |
| **Meetings** | a) The CSR Committee shall convene meetings as required to discuss relevant matters and make necessary decisions.<br>b) The members shall mutually agree on the time and location of these meetings.<br>c) Members may participate in meetings in person or through video conferencing or other audio-visual means, in accordance with the provisions of the Companies Act, 2013, and the applicable rules. |

## 7. Role of Board of Directors

7.1. The Board of Directors shall review and approve the CSR Policy formulated and recommended by the CSR Committee.

7.2. The Board shall evaluate the annual action plan recommended by the CSR Committee, providing final approval for the proposed CSR initiatives and associated expenditures.

7.3. The Board is responsible for ensuring that the Company spends the CSR budget as mandated by the Company Act 2013.

## 8. Scope of CSR Activities/Projects

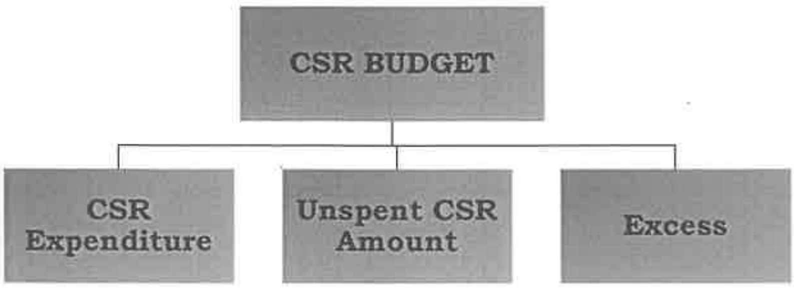
8.1. The CSR activities undertaken by SCML is specified in **Annexure-1** of the Policy, which shall encompass the sectors and activities as prescribed in **Schedule-VII of the Companies Act, 2013**, as amended from time to time.

8.2. SCML shall periodically review the sectors and activities outlined in **Annexure -1** to ensure their continued relevance and alignment with the Company's CSR objectives and approved CSR activities/projects.

8.3. The Board of Directors, upon the recommendation of the CSR Committee, shall have the authority to make additions, deletions, or clarifications to the prescribed sectors and activities based on emerging societal needs, regulatory changes, and stakeholder feedback.

8.4. SCML shall retain the flexibility to adapt its CSR initiatives to address changing circumstances and priorities, ensuring that its contributions effectively meet the needs of the communities it serves. This may include the introduction of new projects, or the cessation of existing initiatives as deemed appropriate by the Board of Directors in consultation with the CSR Committee.

## 9. CSR Budget



9.1. **CSR Expenditure**

9.1.1. CSR Expenditure shall be approved by the Board on the recommendation of its CSR Committee.

9.1.2. The Company spends in every FY at least 2% of the average net profits of the Company made during the three immediately preceding FY towards the activities specified in this Policy.

9.1.3. Administrative overheads, if any, associated with the CSR projects shall not exceed five percent (5%) of the total CSR expenditure for the financial year.

9.1.4. The Board of the Company shall satisfy itself that the disbursed funds have been utilised for the purposes and in the manner as approved by it and the CFO/person responsible for financial management shall certify to the effect.

9.1.5. The "average net profit" for the purpose of determining the CSR budget shall be calculated in accordance with the provisions set forth in Section 198 of the Companies Act, 2013, ensuring transparency and compliance with applicable regulations.

9.1.6. The CSR Committee shall periodically review the budget allocation to ensure its effective utilization, aligning with SCML's CSR objectives and the evolving needs of the communities it serves.

9.1.7. The Board shall consider the recommendations of the CSR Committee regarding any adjustments to the budget based on SCML's financial performance and strategic priorities.

9.2. **Unspent CSR:**

9.2.1. The Company shall transfer the unspent amount to a Fund specified in Schedule VII within a period of six months of the expiry of FY.

9.2.2. In the event of any unspent amount to any ongoing project undertaken by the Company shall be transferred within thirty days from the end of FY to a special account opened in the Scheduled Bank to be called "Unspent Corporate Social Responsibility Account".

Such amount shall be spent within three FY from the date of such transfer, failing which, the company shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year.

9.2.3. The Board of Directors of SCML shall report the reasons for any unspent CSR amount in the Annual Report for the relevant financial year.

9.3. **Excess Amount:**

9.3.1. If the amount spent for CSR Activities is in excess, then the requirement such excess amount shall be set-off with the succeeding FY.

9.4. **Surplus Fund:**

9.4.1. The surplus arising out of the CSR projects/programs/activities shall not form part of the business profit of the company.

9.4.2. The treatment of surplus shall be in such manner that the fund shall either be Re-invested into the same project from which it originated;

Transferred to the Unspent CSR Account and utilized in accordance with SCML's CSR Policy; or,

Transferred to a fund specified under Schedule VII of the Companies Act, 2013, within six (6) months from the end of the financial year.

9.4.3. If SCML spends an amount in excess of its CSR obligations as prescribed under Section 135(5) of the

Companies Act, 2013, such excess expenditure may be carried forward and set off against the CSR requirements for up to the next three (3) financial years, subject to the following conditions:

9.4.3.1. The excess amount available for set-off shall not include any surplus arising from CSR activities, in compliance with Rule 7(2) of the Companies (CSR) Rules, 2014.

9.4.3.2. A resolution by the Board of Directors of SCML shall be passed to approve the set-off of the excess amount.

## 10. Annual Action Plan

10.1. In accordance with Schedule VII of the Companies Act, 2013, and the CSR Rules, SCML shall carry out CSR activities as outlined in its Annual Action Plan.

10.2. The plan is recommended by the CSR Committee of SCML at the start of each financial year, may be updated or modified as needed throughout the year, with the approval of the CSR Committee.

10.3. The Annual Action Plan shall be presented to the Board for approval, based on the recommendation of the CSR Committee.

10.4. This plan will outline the following key aspects of SCML's CSR initiatives:

**Detailed descriptions of the CSR projects to be undertaken.**

**Identification of key needs of the intended beneficiaries.**

**Confirmation that all activities are in compliance with Schedule VII of the Companies Act, 2013.**

**Specific objectives and expected outcomes, with timelines for achievement.**

**A comprehensive timeline for the implementation of each project, including projected closure dates.**

**Financial projections and budget allocations for each CSR activity.**

**Procedures for monitoring the progress of the CSR initiatives.**

**Frequency and format for reporting the progress of ongoing projects.**

**Identification of potential risks and strategies to mitigate them based on the nature of the project.**

**Any additional information required by the CSR Committee for effective execution and monitoring of the CSR activities**

10.5. **Implementation of CSR Plan**

10.5.1. SCML will execute its CSR projects under the scope of activities outlined in Schedule VII of the Companies Act, 2013, as amended from time to time. These activities are detailed in **Annexure-1**. The implementation of SCML's CSR projects will be carried out either:

10.5.1.1. Directly by the Company, or

10.5.1.2. Through External Implementing Agencies, in accordance with Rule 4 of the Companies (CSR) Rules, 2014. These agencies must meet the following criteria:

10.5.1.2.1. The entity must be registered with the Central Government and possess a unique CSR Registration Number.

10.5.1.2.2. The credibility and track record of the entity must be verified before engagement.

10.5.2. SCML may collaborate with other companies for joint CSR projects, ensuring that the CSR Committees of the respective companies can report separately on the projects as required by law.

10.5.3. SCML may engage international organizations to assist with designing, monitoring, and evaluating CSR projects, as well as for capacity-building initiatives for its personnel.

10.5.4. The Board shall ensure that the funds disbursed for CSR activities are utilized for the intended purposes. The CFO or the person responsible for financial management shall certify the proper utilization of the CSR funds in accordance with the approved CSR Plan.

## 11. CSR Compliance

11.1. **Form CSR-1:** The Company shall file the CSR-1 form electronically with the registrar to register the company with the central government if the CSR activity is carried via Implementing Agency of the Company.

11.2. **Form CSR-2:** The Company files the CSR-2 form to the Registrar of Companies as mandated by the MCA.

## 12. Monitoring & Reporting

12.1. SCML shall ensure robust monitoring and reporting mechanisms for the effective implementation of its CSR obligations in compliance with the approved CSR Policy and Annual Action Plan.

12.2. The CSR Committee is responsible for monitoring the CSR activities/projects of the company and ensuring compliance with relevant policies/plans/procedures.

12.3. The CSR Committee, in pursuance of any discrepancy, shall inform the Board of Directors of the Company to ensure full CSR compliance.

12.4. The Board Report of the Company shall disclose the particulars, such as the composition of the CSR Committee, the contents of the CSR Policy, and if the company does not spend the specified amount, the Board shall specify the reasons for not spending the amount in the Board Report of the Company.

## 13. Disclosure

13.1. The website of SCML shall disclose the following particulars with respect to CSR-related details:

13.1.1. CSR Policy

13.1.2. Composition of CSR Committee

13.1.3. List of Projects approved by the Board, if any

## 14. Approval, Review & Update

14.1. This policy shall be approved by the Board of the Company.

14.2. This policy shall be reviewed annually and updated by the board as and when there are any changes introduced as per the guidelines/ directions issued by RBI or as and when it is found necessary to change the policy due to business needs.

## Annexure-1: Activities undertaken by SCML as per Schedule VII of the Companies Act, 2013

The scope of the CSR activities of the Company will cover the following areas but is not limited to the same and may extend to other specific projects/ programs as permitted under the law from time to time:

| CSR ACTIVITIES |
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| 1. Eradicating poverty, hunger and malnutrition, promoting health care which includes sanitation and preventive health care, contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water. |
| 2. Improvement in education which includes special education and employment strengthening vocation skills among children, women, elderly and the differently-abled and livelihood enhancement projects. |
| 3. Improving gender equality, setting up homes and hostels for women and orphans, empowering women, 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. |
| 4. Safeguarding environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining a quality of soil, air and water which also includes a contribution for rejuvenation of river Ganga. |
| 5. 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. |
| 6. Measures 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. |
| 7. Training to stimulate rural sports, nationally recognized sports, Paralympic sports and Olympic sports. |
| 8. Contribution to the Prime Minister's National Relief Fund, 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 providing relief and welfare of the |

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| | Scheduled Castes, the Scheduled and backward classes, other backward classes, minorities and women. |
| 9. | Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government, State Government, Public Sector Undertaking or any agency of the Central Government or State Government. |
| 10. | Contributions to public funded Universities, IITs, National Laboratories and autonomous bodies established under DAE, DBT, DST, Department of Pharmaceuticals, Ministry of AYUSH, Ministry of Electronics and Information Technology and other bodies, namely DRDO, ICAR, ICMR and CSIR, engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs). |
| 11. | Rural development projects. |
| 12. | Slum area development. Slum area means 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. |
| 13. | Disaster management, including relief, rehabilitation and reconstruction activities. |

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