

SITAL LEASING AND FINANCE LIMITED

Corporate Social Responsibility Policy, prepared by the Corporate Social Responsibility Committee of the Company, constituted under Section 135(1) of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014:



CSR Committee :

Section 135 of the Companies Act, 2013 (“Act”) provides that a company having net worth of rupees five hundred crores or more or turnover of rupees one thousand crores or more or a net profit of rupees five crores or more must constitute a corporate social responsibility committee (“**CSR Committee**”) consisting of three or more directors, one out of whom must be an independent director. The CSR Rules have been notified on 27 February 2014 and will come into force on 1st April, 2014.

The CSR Rules have clarified that the companies that are covered under Section 135 of the Act and are not required to have an independent director on its board of directors (Section 149 of the Act) may constitute a CSR Committee without the inclusion of an independent director thereto. Hence, for an unlisted public company or private company, there is no requirement to have an independent director. Also, a private company having only two directors can form a CSR Committee constituting of two directors only. For foreign companies, the CSR Rules have clarified that of the two directors on the CSR Committee, one must be a resident of India who has been authorized to accept on behalf of the company any notices or other documents required to be served on the company.

CSR Policy :

The CSR Committee is required to formulate a corporate social responsibility policy (“**CSR Policy**”), while bringing clarity on the definition of a CSR Policy (recommended by the CSR Committee and approved by the board of directors), the final CSR Rules provide a broad framework for the CSR Policy, allowing each company to be as elaborate/ specific on each of the following domains:

1. List of corporate social responsibility (“**CSR**”) projects/ programmes relating to activities specified in Schedule VII of the Act (“**CSR Activities**”)
2. Modalities of execution
3. Transparent monitoring mechanism
4. Expenditure/budget for the CSR Activities

Additionally, it is required that the CSR Policy adopted by the company must specify that, any surplus arising out of CSR Activities will be re-directed towards CSR Activities and not the business of the company. Further, the boards of directors are required to submit a report under Section 134 (3) of the Act, and the relevant portions of the CSR Policy must be disclosed in the said report, also, the relevant portions of the CSR Policy adopted by the Company must be disclosed on the company’s website.

Vision:

Our vision is to actively contribute to the social and economic development of the communities in which we operate. We believe and act on an ethos of generosity and compassion, characterised by a willingness to build a society that works for everyone. This is the cornerstone of our CSR policy.

Projects and Programmes that are to be undertaken :

The Company may undertake any one or more of the following activities, as mentioned in Schedule VII of Companies Act, 2013 (as amended), as may be decided by the Board of Directors or CSR Committee of the Board from time to time depending on the suitable opportunities available and need of the area concerned.

1. Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;
2. Promoting education, including special education and employment enhancing vocation skills especially among children, women elderly and differently abled and livelihood enhancement projects;
3. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans, setting up old age homes and such other facilities for senior citizens and measures for reducing inequalities faced by the socially and economically backwards groups;

4. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water.
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 benefits of armed forces veterans, war widows and their dependents;
7. Training to promote rural sports, nationally recognized sports, Paralympics sports and Olympic sports;
8. Contribution to Prime Minister's National Relief Fund or any other fund set up by Central Government for socio-economic development and relief and welfare of the Scheduled Castes, Scheduled Tribes, other backward classes, minorities and women;
9. Contributions or funds provided to technology incubators located within academic institutions which are approved by the central government;
10. Rural development projects.

However, the CSR activities of the Company will not include those activities which are undertaken in pursuance of normal course of business of the Company.

Who Can Be Engaged To Implement Your CSR Agenda?

A significant addition to implementation partners are companies incorporated under Section 8 (erstwhile Section 25) of the Act.

CSR Activities can now be implemented through the company's own established:

- registered trust
- registered society
- company or its subsidiary or holding or associate company under Section 8.

If such a trust, society or company is not established by the company, then it must have an established track record of three years in undertaking similar projects or programs. Further, a company may also collaborate with other companies for undertaking CSR activities such that the CSR Committees of the respective companies are in a position to report separately on such CSR Activities in accordance with the CSR Rules.

CSR Committee:

- i. Composition: The Corporate Social Responsibility Committee (CSR Committee) shall consist of three or more directors, out of which at least one shall be an Independent Director.

ii. Role: The Committee, referred above, shall

a. Formulate and recommend to the Board the CSR Policy and any amendments thereof which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act 2013;

b. Recommend the amount of expenditure to be incurred on the activities, as per CSR Policy;

c. Be responsible for implementation and monitoring of CSR projects or programs or activities of the Company.

d. Any other matter/thing as may be considered expedient by the members in furtherance of and to comply with the CSR Policy of the Company.

iii. Meetings: The CSR Committee shall meet as and when deemed necessary.

iv. Sitting Fees: The Sitting Fees for attending the meeting shall be determined from time to time by the Board of Directors.

v. Quorum: Quorum of meeting of CSR Committee shall be one third of the total strength or two directors, whichever is higher.

vi. The CSR Committee may invite Executives, Advisors, representatives of Social Organizations, Auditors of the Company and such other person (s) as it may consider necessary to attend the meeting.

Proposed area of execution of programs and projects:

The area of execution will be decided by the CSR Committee & the Board taking into consideration relevant factors.

Modalities of execution of Projects and Programs

The Company is exploring various options out of the activities mentioned above and once the same is identified, the Company/CSR Committee will work out the CSR modalities for the same. The Company may also decide to undertake CSR activities through a registered trust / foundation/ society promoted by the Company or its holding or subsidiary or associate companies. This will help widen the Company's reach and leverage upon the collective expertise, wisdom and experience that these partnerships bring to the table.

Implementation Schedule:

The Company has plans to undertake CSR activities during the current year and implementation schedule for the same will be finalized taking into consideration the nature of activity, duration required for its completion, need to carry on to next year(s) and amount available.

The Corpus of Company's CSR Fund would include the following:

- a. 2% of the average net profits of the Company, during the preceding 3 financial years
- b. any income arising there from
- c. surplus arising out of CSR activities

It is declared that the surplus arising out of the CSR activities of the Company will not form part of business profits of the Company.

Monitoring process for such project or programs

The CSR Committee shall:

- i. constitute a transparent monitoring mechanism for implementation of CSR projects or programs or activities undertaken by the Company; and
- ii. Monitor and if required, modify the CSR Policy of the Company from time to time.

Information dissemination

This CSR policy of the Company is being hosted on the official website of the Company. This will also be included in the Boards' Report to the shareholders under section 134(3) of the Companies Act, 2013. Our Corporate Social Responsibility policy conforms to the Corporate Social Responsibility as prescribed under the Companies Act, 2013 and rules framed thereunder.

For and on Behalf of

Sital leasing and Finance Limited

Sd/-

(Director)