

CORPORATE SOCIAL RESPONSIBILITY POLICY

1. PREAMBLE

1.1 **Smartlink Network Systems Limited** (the ‘**Company**’) has been incorporated under the Companies Act, 1956. The Company is committed to operate in an economically, socially and environmentally sustainable manner and to work in these areas in order to meet the norms of corporate governance. The Company shall give preference to the local area and areas around it where it operates to improve the quality of people living, lay special emphasis on education, skill enhancement, environment, health, community development, social welfare and promotion of cultural activities as envisaged in the provisions of law.

1.2 The Ministry of Corporate Affairs, has, *vide* its notification dated February 27, 2014 made the provisions of section 135 of the Companies Act, 2013 and Schedule VII of the said Act relating to Corporate Social Responsibility applicable to the Company with effect from 1st April, 2014. The Companies (Corporate Social Responsibility Policy) Rules 2014 (“**CSR Rules**”) are notified on 27th February, 2014 and are effective from 1st April 2014.

1.3 The Companies Act, 2013 *vide* sub-section (1) of section 135 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 makes it mandatory for the Board of Directors of a prescribed class of companies to constitute a Corporate Social Responsibility Committee which is entrusted with certain duties in alignment with the objectives of corporate social responsibility.

2. DEFINITIONS

Some of the key terms used in the Corporate Social Responsibility Policy are as under:

2.1 ‘**Act**’ means the Companies Act, 2013 including any amendments as may be applicable from time to time.

2.2 ‘**Average Net Profit**’ means net profit as computed in accordance with section 198 of the Act.

2.3 ‘**Board**’ means the Board of Directors of the Company.

2.4 ‘**Company**’ means Smartlink Network Systems Limited.

2.5 ‘**Directors**’ mean Directors of the Company.

2.6 ‘**Corporate Social Responsibility (“CSR”)**’ means and includes but is not limited to:-

- i) Projects or programs relating to activities specified in Schedule VII of the Act;
or

- ii) Projects or programs relating to activities undertaken by the Board in pursuance of recommendations of the Corporate Social Responsibility Committee of the Board as per this policy of the Company and will cover subjects enumerated in Schedule VII of the Act.
- 2.7 **‘CSR Activities’** means the activities which may be included by the Company in its CSR Policy in accordance with Schedule VII of the Act.
- 2.8 **‘CSR Committee’** means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act.
- 2.9 **‘CSR Policy’** means the Corporate Social Responsibility Policy of the Company formulated and recommended by the CSR Committee to the Board of the Company.
- 2.10 **‘Net Profit’** as defined in the said CSR Rules means the net profit of the Company as per its financial statement prepared in accordance with the applicable provisions of the Act.
- 2.11 Word and expressions used and not defined in the Rules but defined in the Act shall have the same meaning respectively assigned to them in the Act.

3. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

- 3.1 CSR Committee shall be formed by the Board of the Company. It shall consist of three or more directors, out of which at least one director shall be independent director.

4. DUTIES OF CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The CSR Committee has been constituted at the Meeting of the Board of Directors held on 12th November, 2014 in accordance with the provisions of Section 135 of the Companies Act, 2013. The CSR Committee shall:

- 4.1 Formulate and recommend to the Board a Corporate Social Responsibility Policy, which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act including any amendments or modification from time to time as applicable.
- 4.2 Recommend the amount of expenditure to be incurred on the activities referred to in 4.1.
- 4.3 Monitor the Corporate Social Responsibility Policy of the Company from time to time.
- 4.4 Monitor and ensure that the surplus arising out of the CSR projects or programs or activities shall not form part of the business profits of a Company.
- 4.5 Review and ensure compliance with the requirements of the provisions of the Act, CSR Rules and periodical disclosure requirements.

5. Purpose of the Policy:

The following are the broad purposes of this policy;

- 5.1 To define the kind of projects/ activities that will come under the ambit of CSR;
- 5.2 To identify broad areas of activities in which the company will undertake projects;
- 5.3 To give directions for implementation of various projects and monitor the CSR activities/projects undertaken by the Foundation.
- 5.4 To execute and monitor CSR projects and to identify partners, if required for implementation of the CSR activities.

6. CSR Activities

- 6.1 The CSR activities shall be undertaken by the Company as per this policy by way of projects or programs or activities (either new or ongoing) in India, excluding the activities undertaken in pursuance of the normal course of business. The Company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for CSR activities.
- 6.2 The Board may decide to undertake CSR activities approved by the CSR Committee through any of the following means subject to conditions specified in the CSR Rules :
 - A) directly through the company
 - B) through a registered trust or a registered society either formed by the Company or any other trust having a proven track record of more than 3 years
 - C) Any other registered Trust, Society or Section 8/ Section 25 Company (i.e. Company registered under Section 8/25 of the Companies Act 2013/ Companies Act 1956) with an established track record of atleast 3 years in carrying on activities in related areas and duly approved by the CSR committee.
 - D) or through any other means.
- 6.3 The Company may also collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the CSR Committee of respective companies are in a position to report separately on such projects or programs in accordance with the CSR Rules.
- 6.4 CSR expenditure shall include all expenditure including contribution to corpus, or on projects or programs relating to CSR activities, approved by the Board on the recommendation of CSR Committee, but shall not include a) any expenditure on an item not in conformity or not in line with activities which fall within the purview of Schedule VII of the Act. b) CSR projects or programs or activities that benefit only the employees and their families. c) Contribution of any amount directly or indirectly to any political party under section 182 of the Act.
- 6.5 CSR activities include:-
 - i) 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;
- ii) Promoting education, including special education and employment enhancing vocational 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 balances, 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;
 - v) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of arts, setting up of 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, nationally 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 Schedule Castes, the Scheduled Tribes, other backward classes, minorities and women;
 - ix) Contribution or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
 - x) Rural development projects;
 - xi) Such other matter as may be prescribed from time to time as CSR activity.

6.6 The list of CSR projects or programs which the Company plans to undertake will fall within the purview of schedule VII of the Act.

6.7 The following activities and the amount, if any spent, shall not be considered as CSR activities and shall not be included in computing the CSR expenditure

- i) One-off events such as marathons / awards / charitable contribution / advertisement / sponsorships of TV programmes etc. would not be qualified as part of CSR expenditure.
- ii) Expenses incurred for the fulfillment of any Act/ Statute of regulations (such as Labour Laws, Land Acquisition Act etc.) applicable to the Company would not count as CSR expenditure under the Companies Act.
- iii) All activities undertaken in pursuance of normal course of business.
- iv) All activities or programmes undertaken to benefit only the employees of the company and their families.
- v) Contribution of any amount directly or indirectly to any political party under section 182 of the Act.

The CSR Committee shall be authorized to consider CSR activities within the CSR rules framed by the Ministry of Corporate Affairs not falling in the above list. All

activities under the CSR activities should be environment friendly and should be in the interest of the society and the local population where the company's plants are situated. Any activity proposed to be undertaken as a CSR initiative, but not outlined in this Policy, may be undertaken only with the specific pre-approval from the CSR Committee.

6. Collaboration:

The Company can form Collaborative partnerships with the Government, the District Authorities, the Village Panchayats, NGOs and other like-minded stakeholders after taking prior approval of the CSR Committee.

7. Amount of CSR expenditure

The Board shall ensure that the Company spends, in every financial year, at least two percent of average net profits of the Company made during the three immediately preceding financial years, in pursuance of this CSR Policy. If the Company fails to spend such amount, the Board shall, in its report made under Section 134 (3) (o) of the Act specify the reasons for not spending the amount.

8. Disclosure/Information Dissemination

The Company shall disclose the contents of the CSR Policy in its Board's report in the format given in the CSR Rules and the same shall be displayed on the Company's website.

9. Source of Fund

For achieving its CSR objectives through implementation of meaningful and sustainable CSR programmes, the Company shall endeavor to allocate the following as its annual CSR corpus.

- i) 2% of average net profits made during the three immediately preceding financial years, as prescribed under the Companies Act 2013, and the Rules
- ii) Any income arising therefrom and
- iii) Surplus arising out of CSR activities

It is clarified that surplus arising out of CSR projects/ programs shall not form part of business profits of the Company.

Mode of implementation:

CSR programs, projects or activities, will be implemented through one or more of the following methods:

- i) Directly by the Company;
- ii) Any registered Trust, Society or Section 8/ Section 25 Company (i.e. Company registered under Section 8/25 of the Companies Act 2013/ Companies Act 1956) with an established track record of at least 3 years in carrying on activities in related areas and duly approved by the CSR committee;

iii) in collaboration with other organizations

10. Spending limits:

All the expenditure relating to CSR shall be approved by the CSR Committee. The Executive Chairman/Managing Director and CFO & CS shall jointly monitor the utilization of funds for the purposes set forth.

11. Review of Expenditure

The Internal Auditors of the Company shall carry out the audit with regard to the Utilization of the CSR expenditure at the end of every financial year and report to the CSR Committee. The expenditure on CSR activities shall be reviewed by the committee as and when it deems necessary and atleast once in a financial year.

CSR Committee shall have the powers to ask the Organization/ Institution to whom CSR fund is allocated to submit a Utilization Certificate with statement of expenditure duly certified by an auditor appointed/nominated by the Committee.

12. Upkeep and Maintenance of Assets Created

Maintenance of Assets created under CSR would be the Responsibility of the Company. Before any Capital investment is made, an undertaking would be taken from the representatives of local community that they would be responsible for maintenance of the Assets and the disposal of such assets shall not be made without the prior approval of the CSR Committee.

13. Documentation of CSR Activities

It shall be the duty of the Company to keep all documents pertaining to the activities undertaken under CSR policy and submit the annual report to the CSR Committee. The CSR activities will be reflected in the Annual Report and Accounts of the Company under CSR.

Amendments:

The CSR committee will review the Policy from time to time based on changing needs and aspirations of the target beneficiaries and make suitable modifications, as may be necessary.

14. Amendment to CSR Policy

14.1. This CSR Policy is constituted under the provisions of the said Act and CSR Rules. In the event of any dispute between the contents of this CSR Policy and Act and CSR Rules, the provisions of Act and CSR Rules will be made applicable to the matter. This CSR Policy shall stand amended in accordance with the amendments in the said Act and CSR Rules from time to time.

14.2. The CSR committee will review the Policy from time to time based on changing needs and aspirations of the target beneficiaries and make suitable modifications,

as may be necessary. Any amendment to this CSR Policy will be in writing except as stated in 14.1 above.

15. Approval

This CSR Policy is approved by the Board of the Company at its meeting held on 30th January, 2015 on the recommendation of the CSR Committee of the Company at its meeting held on 30th January, 2015.