

SANSTAR LIMITED

CORPORATE SOCIAL RESPONSIBILITY (CSR)
POLICY

CORPORATE SOCIAL RESPONSIBILITY:
(Applicability, philosophy and important terms)

CSR obligations become effective from 1.4.2014 i.e. the date from which section 135 of the Companies Act, 2013 ('the Act') has been made effective and the date from which CSR Rules become effective.

Based on the recommendations of Corporate Social Responsibility Committee of the Board of the Company and approval of the Board of Directors of the Company, the Company has adopted Corporate Social Responsibility Policy with a philosophy of giving back to the community.

The Policy lays down the guidelines and mechanism for undertaking various programs under the Policy for development of the Social. The Policy also indicates the activities to be undertaken by the Company as specified in Schedule VII to the Act, as in force and as amended from time to time.

In terms of the extant provisions of the Act and the Rules made thereunder, following are important aspects of this Policy:

1. To select CSR projects or programs which the Company plans to undertake falling within the purview of the Schedule VII of the Act,
2. To decide modalities of execution of such project or programs and implementation schedules for the same,
3. To ensure that activities selected by the Company are related to the activities included in Schedule VII of the Act, and
4. To monitor the process and progress of such projects or program.

Further, CSR activities does not include the activities undertaken in pursuance of normal course of business of the Company and surplus, if any, arising out of CSR Activity will not be part of business profits of a Company.

Scope of illustrative activities under the Policy:

CSR activities which may be undertaken in pursuance of the Policy must be relatable to Schedule VII of the Act and the entries in the said Schedule should be interpreted liberally so as to capture the essence of the subjects enumerated in the said Schedule. Apart from the below mentioned broad-based activities enlisted in said Schedule, CSR Committee of the Board is authorized to consider activities which may be approved by the Government from time to time:

1. 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
2. promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the 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, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
4. 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 setup by the Central Government 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;
7. training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;
8. 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;
9. contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government

10. Rural development projects.

11. Slum area development

Explanation: For the purposes of this item, the term 'slum area' shall mean 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."

Quantum of CSR Spends:

The following provisions regarding quantum and manner of CSR spend will be applicable to the Company:

1. It shall be ensured that the Company spends, in every financial year, at least 2% of the average net profits of the company made during the 3 immediately preceding FYs, in pursuance of its CSR Policy.
2. There is no cap / ceiling on CSR spends.
3. CSR expenditure shall include all expenditure including contribution to corpus, the projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee.
4. Any surplus arising and/or additional revenue generated out of CSR activities undertaken by the Company shall not form part of the business profit of the Company and same shall be spent for undertaking any CSR activities
5. Allocation of the annual budget for CSR activities in a financial year will be as per the provisions of the Act and the Rules made thereunder.

CSR pooling by two or more companies:

The Company may collaborate with other companies in such a manner that CSR Committees of respective companies are in position to report separately on such projects or programs in accordance with the Rules.

CSR activities through trust / society / company:

The Board of the Company may decide to undertake its CSR activities approved by the CSR Committee, through:

- (a) a registered trust or

- (b) a registered society or
- (c) a company established under section 8 of the Act or otherwise

Such trust or society or company may be established:

- (a) by the company or
- (b) its holding or
- (c) its subsidiary or
- (d) its associate company.

Provided that-

- (i) If such trust, society or company is not established by the company or its holding or subsidiary or associate company, it shall have an established track record of three years in undertaking similar programs or projects;
- (ii) the Company has specified:
 - a) the project or programs to be undertaken through these entities,
 - b) the modalities of utilization of funds on such projects and programs, and
 - c) the monitoring and reporting mechanism.

Contribution to corpus of a Trust/ society/ section 8 companies will qualify as CSR expenditure as long as (a) the Trust/ society/ section 8 companies etc. is created exclusively for undertaking CSR activities or (b) where the corpus is created exclusively for a purpose directly relatable to a subject covered in Schedule VII of the Act.

Capacity building expenditure for personnel:

The Company may build CSR capacities of its own personnel as well as those of their implementing agencies through Institutions with established track record but such expenditure shall not exceed specified limit of total CSR expenditure of the Company.

Corporate Social Responsibility Committee:

CSR Committee shall be formed by:

1. 3 or more directors, and
2. out of which at least 1 director shall be an independent director.

Role of CSR Committee:

1. To formulate and recommend CSR Policy to the Board;
2. To recommend the amount of expenditure to be incurred; and
3. To monitor CSR Policy.

Monitoring and Review:

The monitoring of the Policy and execution of identified projects / programs under CSR activities will be periodically carried out under overall guidance of CSR Committee. CSR Committee may reorient the activities under the identified projects as and when required.

The Board of Directors of the Company will review the implementation of CSR Policy initiatives on an annual basis.

Conclusion:

In case of any confusion or doubt with respect to any provision of this Policy, the CSR Committee may make a reference to the Board of Directors of the Company. And in such case, CSR Committee will follow the decision of the Board of the Company. Further, all the provisions of this Policy are subject to any modification, revision, variation, deletion, addition or amendment in accordance with the provisions / guidelines as may be issued / imposed by the Government, from time to time.

The CSR Committee and the Board of Directors of the Company will review and modify this Policy as and when required.
