



CORPORATE SOCIAL RESPONSIBILITY POLICY

PREAMBLE

Conscious business decisions by the group have directly and indirectly created value for multiple stakeholders and helped in improving lives of the people. SMS Pharmaceuticals Limited has always believed in creating societal value by providing affordable products and services which have assisted in the growth of relevant industries. Across all its areas of operations, there are inherent linkages and interconnections with the immediate and long term societal impact.

The Ministry of Corporate Affairs (“MCA”) introduced the concept of Corporate Social Responsibility (“CSR”) in the Companies Act, 2013.

SMS Pharmaceuticals Limited (the Company) has formulated and adopted this Corporate Social Responsibility Policy in terms of Section 135 of the Companies Act, 2013 (“Act”) read with Schedule VII of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014 (including any statutory modifications, amendments or re-enactments of any of them for the time being in force) (hereinafter mention as “Policy”).

OUR CSR VISION

Corporate Social Responsibility is a Company’s sense of responsibility towards the community and environment in which it operates. It is a continuous commitment by business to behave ethically and contribute to economic development of the society at large and building capacity for sustainable livelihoods.

The main objective of this CSR Policy is to lay down guidelines to make CSR a key business process for sustainable development of the society and the environment in which it operates. The Company aims to bring about an overall positive impact on the community and environment where it operates and also fulfills its social objectives.

The Company shall carry its normal business in a manner that is beneficial to society & environment also in addition to propagation of business. For SMS Pharmaceutical Limited, Corporate Social Responsibility (CSR) means having business policies that are ethical, equitable, environmentally conscious, gender sensitive and sensitive towards the differently abled. We are working:

- i. To promote social and economic inclusion by ensuring that marginalized communities have equal access to healthcare services, educational opportunities, and rural development.
- ii. To bridge the gap of gender disparity in education, healthcare and employment.

OUR CSR APPROACH

The Company firmly believes that CSR is primarily, the responsibility of the Company in relation to the impact of its decisions and activities on the society and also the environment, through a transparent and ethical behavior. This is consistent with sustainable development and welfare of society, stakeholders and in compliance with applicable law.

- a. Demonstrate commitment to the common good through responsible business practices and good governance.
- b. Actively support the state's development agenda to ensure sustainable change and attain development of the nearby society.
- c. Set high standards of quality in the delivery of services in the social sector by creating robust processes and replicable models.

INTERPRETATION

For the purpose of this Policy references to the following shall be construed as:

- i. **'Administrative Overheads'**: shall mean the expenses incurred by the Company for 'general management and administration' of CSR functions in the Company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular CSR project or programme.
- ii. **Annual Action Plan**" means a plan framed in terms of this Policy;
- iii. **"Board of Directors" or "Board"** means the Board of Directors of the Company;
- iv. **"Corporate Social Responsibility" ("CSR")** shall mean the activities undertaken by the Company in pursuance of its statutory obligation laid down in Section 135 of

the Act and in accordance with the provisions contained in the Rules made thereunder, but shall not include the following, namely:

- a. activities undertaken in pursuance of normal course of business of the Company;
 - b. any activity undertaken by the Company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;
 - c. contribution of any amount directly or indirectly to any political party under Section 182 of the Act;
 - d. activities benefitting employees of the Company as defined in Clause (k) of Section 2 of the Code on Wages, 2019;
 - e. activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;
 - f. activities carried out for fulfilment of any other statutory obligations under any law in force in India.
- v. **“Corporate Social Responsibility Committee” or “CSR Committee”** shall mean the Corporate Social Responsibility Committee of the Board referred to in Section 135 of the Companies Act, 2013 (“the Act”).
- vi. **“CSR Policy”** shall mean this Policy.
- vii. **“CSR Unspent Account”** shall mean an account opened by the Company with a schedule commercial bank in terms of sub-section (5) of the section 135 of the Act.
- viii. **“CSR Projects”** shall mean projects or programs mentioned in Schedule VII of the Act, as amended from time to time;
- ix. **“Ongoing Projects”** shall mean multiyear project undertaken by the Company in fulfillment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced, and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the Board on the recommendation of the CSR Committee on reasonable justification.

SCOPE OF CSR ACTIVITIES IN SMS PHARMACEUTICALS

The Company has constituted a Committee to undertake CSR activities within the purview of the guidelines as provided by the Ministry of Corporate Affairs and may undertake any of the activities as specified herein below as its CSR Projects:-

- a. 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;
- b. promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
 - c. 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;
 - d. 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 Government for rejuvenation of river Ganga;
 - e. 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;
 - f. 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;
 - g. training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;
 - h. contribution to the Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES 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;
 - i. Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and
 - j. Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in

- science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs);
- k. rural development projects.
 - l. 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.

- m. Disaster management, including relief, rehabilitation and reconstruction activities;
- n. Such other projects or purposes as may be notified by the Government from time to time.

GOVERNANCE STRUCTURE

1. Constitution of CSR Committee:

Pursuant to Section 135 of the Companies Act, 2013, the Board of Directors of the Company is required to constitute a Committee of Directors called "Corporate Social Responsibility Committee" ("CSR Committee"). The Corporate Social Responsibility Committee ('CSR Committee') shall consist of three or more Directors amongst whom at least one shall be an Independent Director. The CSR Committee shall carryout its duties as prescribed under the Act from time to time.

2. Responsibilities of CSR Committee

- a. Formulate and recommend to the Board a CSR Policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 and which shall provide an approach and the guiding principles for selection, implementation and monitoring of CSR activities to be undertaken by the Company.
- b. Recommend the amount of expenditure to be incurred on the activities as per the Policy;
- c. Monitor and evaluate the performance of the Projects and the achievement of targets from time to time
- d. Approve and recommend Annual Action Plan, and any modifications thereof, to the Board comprising of following information;
 - ✓ the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
 - ✓ the manner of execution of such projects or programmes;
 - ✓ the modalities of utilisation of funds and implementation schedules for the projects or programmes;
 - ✓ monitoring and reporting mechanism for the projects or programmes; and

- ✓ details of need and impact assessment, if any, for the projects undertaken by the Company;
- e. Approve specific projects, either new or ongoing, in pursuance of the areas of interest outlined in this Policy, either for undertaking such projects by the Company itself, for inclusion in the Annual Action Plan or for supporting such projects by way of donations, contributions or financial assistance.
- f. Recommend to the Board, the amount of expenditure to be incurred on the CSR activities in a financial year and the amount to be transferred in case of ongoing projects and unspent amounts.
- g. Review the progress of CSR initiatives undertaken by the Company.
- h. Monitor the CSR Policy of the Company from time to time and institute a transparent monitoring mechanism for implementation of the CSR projects referred to above.

3. Meetings of Committee

The CSR committee may meet from time to time to discuss and implement the CSR activities / projects to be undertaken.

4. CSR Expenditure

CSR expenditure includes all expenses, whether direct or indirect, incurred on the programs undertaken in accordance with the approved CSR budget / plan; provided the Board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the Company for the financial year pursuant to the relevant provisions time to time.

5. Treatment of Surplus

Any surplus generated from CSR projects undertaken the Company by us will be tracked and channelized into our CSR corpus. These funds will be further used in development of the CSR projects and will not be added to the normal business profits and shall be dealt with in accordance with the Act and CSR Rules.

6. Selection of CSR Projects

- a. The CSR Committee shall, from time to time, identify the priority projects of CSR to be carried out by the Company from the areas specified under Schedule VII of the Act;

- b. The CSR Committee may undertake projects which are relatable to the activities as stated in Schedule VII of the Companies Act, 2013, by taking a liberal interpretation so as to capture the essence of the subjects enumerated in the said Schedule.
- c. The Company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for CSR Projects.
- d. A CSR Project may be selected by the CSR Committee, either based on its own discretion or based on recommendations/ proposal received from any stakeholder as mentioned above.
- e. The CSR Committee shall approve an Annual Action Plan in terms of the Policy and recommend the same to the Board of Directors for its approval.
- f. The CSR Committee, after identifying and approving a CSR Project, shall fix a target spending as per the Annual Action Plan or any modification thereof, and direct the implementing agencies to carry out the execution thereof.

7. Formulation of the Annual Action Plan

The CSR Committee shall formulate and recommend to the Board of Directors, an Annual Action Plan in pursuance of this Policy, which shall include focus areas for the year, the list of projects to be undertaken, manner of execution, fund utilization, monitoring mechanism, etc.

The Board of Directors may approve the Annual Action Plan with such further conditions as it deems fit and further alter Annual Action Plan at any time during the financial year, as per the recommendation of the CSR Committee, based on the reasonable justification to that effect.

The Board of Directors of the Company shall mandatorily disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on their website, if any, for public access.

The CSR programs undertaken by the Company may be disseminated through Company's website, Annual Reports and other appropriate modes.

8. Monitoring and Evaluation

- a. The CSR Committee shall periodically monitor and evaluate the performance of the projects and the achievement of targets.
- b. The fundamental goal is to see that all the programs and activities are positive and running successfully. The monitoring mechanisms include visits, meetings and progress/status reporting by the project teams/Company's personnel or such other agencies as may be entrusted with.

- c. The Committee shall periodically review and discuss the progress of each project undertaken including spending thereon and make any decision including allocation/ reallocation of funds, with respect to the Project which it thinks fit and recommend the same to the Board of Directors for approval.
- d. Where the Committee requires further funds for undertaking any new CSR Project, the Committee shall request the Board of the Company to approve such higher amount.
- e. Where the implementing agencies have failed to spend the allocated amount or failed to meet the timeline for execution of its projects, the CSR Committee shall furnish to the Board the reasons for the same.
- f. The Board of Directors of the Company shall satisfy itself that the funds so disbursed have been utilized for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to that effect.
- g. In case of Ongoing Project, the Board of the Company shall monitor the implementation of the Project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.

9. Amendments

Amendments from time to time to the CSR Policy, if any, shall be considered by the Board of Directors of the Company, based on the recommendations of the CSR Committee. Any amendments in the applicable Law, including any clarifications/ circulars of relevant regulator, if mandatory, shall be read into this Policy such that the Policy shall automatically reflect the contemporaneous Applicable law at the time of its implementation.