

CORPORATE SOCIAL RESPONSIBILITY POLICY

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1) PREAMBLE

Corporate Social Responsibility is strongly connected with the principles of Sustainability. Organization should make decisions based not only on financial factors, but also on the social and environmental consequences. Therefore, it is the core corporate responsibility of Caplin Point Laboratories Limited ("**CPL**" or "**the Company**") to practice its corporate values through its commitment to grow in a socially and environmentally responsible way, while meeting the interests of its stakeholders.

2) PURPOSE

The key purpose of this policy is to:

- Define what CSR means to CPL and the approach to be adopted to achieve CSR goals
- Define the kind of projects that will come under the ambit of CSR
- Identify broad areas of intervention in which the company will undertake projects
- Serve as a guiding document to help execute and monitor CSR projects
- Establish criteria for implementing agencies in handling CSR projects of the Company

3) DEFINITIONS

- a. "Act" means the Companies Act, 2013 (18 of 2013);
- b. "Administrative overheads" means the expenses incurred by the company for 'general management and administration' of Corporate Social Responsibility functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme;
- c. "Employee" means, any person (other than an apprentice engaged under the Apprentices Act, 1961), employed on wages by an establishment to do any skilled, semi-skilled or unskilled, manual, operational, supervisory, managerial, administrative, technical or clerical work for hire or reward, whether the terms of employment be express or implied, and also includes a person declared to be an employee by the appropriate Government, but does not include any member of the Armed Forces of the Union;
- d. "Net profit" means the profit of the company calculated in accordance with the provisions of the Act and shall not include the following, namely: –
 - (i) any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and
 - (ii) any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act:

- e. "Ongoing Project" means a multi-year project undertaken by the Company, either directly by the Company or through implementing agencies, in fulfilment 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 of Directors of the Company based on reasonable justification; Ongoing project will have 'commenced' when the company has either issued the work order pertaining to the project or awarded the contract for execution of the project.
- f. "Public Authority" means any authority or body or institution of self-government established or constituted—
 - (a) by or under the Constitution;
 - (b) by any other law made by Parliament;
 - (c) by any other law made by State Legislature;
 - (d) by notification issued or order made by the appropriate Government, and includes any—
 - i. body owned, controlled or substantially financed;
 - ii. non-Government organisation substantially financed, directly or indirectly by funds provided by the appropriate Government.
- g. All other words and phrases not defined herein shall have the same meaning and definition as specified under the Act or the Companies (Corporate Social Responsibility) Rules, 2014 as may be amended from time to time or the circulars issued by the Ministry of Corporate Affairs in this regard.

4) FOCUS AREAS FOR CSR ACTIVITIES AND EXCLUSIONS

- a. CPL will focus mainly on the following areas of CSR:
 - i. Improving sanitation
 - ii. Development of green belts, rejuvenation of lakes & water bodies and restoration of environment
 - iii. Setting up healthcare facilities and making healthcare accessible to the needy
 - iv. Creating, upgrading and maintenance of educational infrastructure
 - v. Supporting education of the needy
 - vi. Livelihood enhancement and upskilling
 - vii. Creating and/ or maintaining care homes and hostels for orphans, destitute individuals and economically backward persons

- b. In exceptional cases, where the CSR Committee recommends, other activities defined in Schedule VII may be undertaken. CPL gives preference to the local area and also the communities directly impacted by its operations for undertaking CSR activities. For this purpose, CPL will also consider areas where its Subsidiaries in India operate as they contribute significant value to CPL. CPL does not treat the following as part of CSR activities:
- i. activities undertaken in pursuance of normal course of business of CPL that directly or indirectly results in some benefits to CPL;
 - ii. any activity undertaken outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;
 - iii. contribution of any amount directly or indirectly to any political party under section 182 of the Act;
 - iv. activities whose main target is to benefit the Employees of CPL;
 - v. activities supported by CPL on sponsorship basis for deriving marketing benefits for products or services;
 - vi. activities carried out for fulfilment of any other statutory obligations under any law in force in India.

5) CSR GOVERNANCE

- a. The company has constituted a CSR committee consisting of three Directors to oversee the implementation of the CSR policy of the company in accordance with the requirements of Section 135 of the Companies Act.
- b. The responsibilities of CSR committee include:
- i. Approving the CSR budget, at the time of approving the annual financial statements of the previous financial year, for the current financial year, after taking into account the required spending under the Act as well as the Surplus arising out of any CSR project that needs to be ploughed back, unspent amount carried forward as well as excess spending of the previous financial year, if any;
 - ii. Approving the following:
 - List of CSR projects for the entirety of CSR budget
 - Duration of each of the CSR projects and approving converting a single year project into multi-year (Ongoing) project along with proper justification
 - The selection of implementing agency(ies), if any, on the basis of track record and other criteria such as local credibility, local knowledge, domain expertise, local institutional relationships and their approach to sustainability.
 - iii. Formulating and recommending to the Board, an Annual Action Plan, at the same meeting for approving the CSR budget, comprising the following: -
 - a. the list of CSR projects that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;

- b. the manner of execution of such projects;
 - c. the modalities of utilisation of funds and implementation schedules for the projects;
 - d. monitoring and reporting mechanism for the projects; and
 - e. details of need and impact assessment, if any, for the projects undertaken by the company.
- iv. Making recommendations to the Board about any changes required in the annual action plan along with justifications;
 - v. Instituting a transparent monitoring mechanism for the implementation of the Projects along with specifying the documentation standards required from the implementation agencies/ inhouse CSR personnel to enable certification of amount spent to the Board by the Committee and Chief Financial Officer.

6) CSR IMPLEMENTATION AND GUIDELINES

CSR project implementation may be done in any of the following ways as per the Annual Action Plan:

- i. Directly by CPL in projects approved by the CSR committee; or
- ii. Through **Caplin Point Meenakshi CSR Trust** (registered with Ministry of Corporate Affairs with Registration Number CSR00023499 – hereinafter referred to as “the Trust”) which has been established by CPL for the purpose of carrying out the CSR activities approved by the CSR Committee on project basis. The Trust is authorised under the Trust Deed to carry out all CSR activities permitted under the Companies Act.
- iii. CPL may also collaborate with other companies for undertaking projects on collective basis. However, in all such cases of collective efforts, CPL will ensure that the expenditure incurred by CPL can be separately monitored.
- iv. Ideally, projects carried out on one-time basis i.e. those that are not replicable for subsequent coverage in other regions and across time, should not be encouraged. In exceptional circumstances, CSR Committee may approve projects that are undertaken purely on one-time basis.
- v. As far as possible, community participation should be built-in to the CSR projects. In addition, the CSR Committee should encourage active participation and contribution of employees of the Company in CSR projects.
- vi. CSR Committee, if required under the Companies Act or if the Committee feels necessary to measure the social impact of the projects implemented, will appoint an external agency for carry out Impact Assessment of the projects.

7) MONITORING

- i. For Projects carried out through the Trust:
 - a. The Trust shall submit a half yearly progress report of all the projects entrusted to it by the CSR Committee
 - b. The progress report shall contain the date of commencement of project, work undertaken during the period, percentage of completion of the project, plan for completion of the project and any additional resources required for project completion along with justification for such request.
 - c. The progress report shall be submitted to the Chief Financial Officer of the Company.
- ii. For Projects carried out directly by CPL, the CSR committee shall review and monitor the CSR projects implementation at least once in a quarter. The Committee shall determine the mode and contents of reporting for all such review.
- iii. The Chief Financial Officer shall submit a certificate to the CSR Committee for review highlighting the extent of utilisation of funds disbursed for both directly and indirectly implemented CSR projects. The certificate shall specify whether the funds has been utilised for the purposes and in the manner as approved by the Committee. In case of any deviation, the Chief Financial Officer shall recommend action plan to remedy the deviation, if it can be remedied. In cases where the deviation is not remediable, the Committee may consider ratifying the deviation or taking other appropriate actions like re-allocation of budget to other CSR project/ cancelling the contract etc.
- iv. For multi-year projects the CSR Committee 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.

8) TREATMENT OF SURPLUS/ EXCESS SPENDING

- i. Any surplus arising out of the CSR activities should be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of this policy and Annual Action Plan of the company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.
- ii. If the company spends an amount in excess of the requirements provided under the Act, then the Company may set off such excess amount against the requirement to spend under the Act for immediate succeeding three financial years subject to the following conditions: -

- a. the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any, in pursuance the rules.
- b. the Board of the company shall pass a resolution to that effect.

9) UNSPENT AMOUNT

- i. Any unspent amount fixed for CSR activity, will be transfer to such a Fund specified in Schedule VII under Companies Act, 2013, within a period of six months of the expiry of the financial year as recommended by the Committee.
- ii. However, any amount remaining unspent pursuant to any Ongoing Project, shall be transferred by the company within a period of thirty days from the end of the financial year to a special account to be opened by the company in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account, and such amount shall be spent by the company in pursuance of its obligation towards CSR within a period of three financial years from the date of such transfer, failing which, the company shall transfer the same to a Fund specified in Schedule VII under Companies Act, 2013, within a period of thirty days from the date of completion of the third financial year.

10) CSR SPENDING FOR CREATION/ACQUISITION OF CAPITAL ASSETS

The CSR amount may be spent by the company for creation or acquisition of a capital asset, provided it is held by any of the following:

- i. a company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number under sub-rule (2) of rule 4; or
- ii. beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities;
or
- iii. a public authority.

11) CSR REPORTING/DISCLOSURE

The Board's Report pertaining to any financial year will include an annual report on CSR containing particulars specified by the Act. The following shall also be disclosed on the website of the Company:

- a. Composition of the CSR Committee,
- b. CSR Policy and
- c. CSR Projects approved by the Board for public access.

12) AMENDMENTS TO THE POLICY

The Board of Directors, either on its own or as per the recommendations of CSR Committee, can amend this Policy, as and when required. The decision of the Board of Directors on all matters, relating to this Policy, shall be final and binding upon all concerned. This Policy shall be subject to continuous review and updates as required from time to time.

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