



# KWALITY PHARMACEUTICALS LIMITED

Regd. Office: Village Nagkalan, Majitha Road, Amritsar-143601

CIN :- U24232PB1983PLC005426.; Phone no. :- 0183-2774321-25; Fax No.:-0183-2774477

Email Id:- ramesh@kwalitypharma.com; Website :- www.kwalitypharma.com

## **CORPORATE SOCIAL RESPONSIBILITY POLICY**

### **1. OBJECTIVE**

The objectives of this policy are to –

- Demonstrate commitment to the common good through responsible business practices and good governance.
- Actively support the state's development agenda to ensure sustainable change and attain development of the nearby society.
- Set high standards of quality in the delivery of services in the social sector by creating robust processes and replicable models.
- Engender a sense of empathy and equity among employees of company to motivate them to give back to the society.

### **2. NEED FOR A CSR POLICY**

This CSR policy, which encompasses the company's philosophy for defining its social responsibility and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of the community at large, is titled as the '**Kwality Pharmaceuticals CSR Policy**'. This policy shall apply to all CSR initiatives and activities taken up by the Company, for the benefit of the society as per approach and direction given by the board. This policy and the operational guidelines issued herein are subject to and pursuant to the provisions of the Companies Act, 2013 (Act) and the Schedules, rules and regulations made thereunder.

### **3. CSR VISION**

The Company shall carry its normal business in a manner that is beneficial to society & environment also in addition to propagation of business.

For **KWALITY PHARMACEUTICALS LIMITED**, Corporate Social Responsibility (CSR) means responsible business practices through the involvement of all stakeholders in the decision making process and in operations. It entails having business policies that are ethical, equitable, environmentally conscious, gender sensitive, and sensitive towards the differently abled.

### **4. GUIDING PRINCIPLES**

- Corporate Social Responsibility is the Company's commitment to its stakeholders and communities to conduct business in an economically, socially and environmentally sustainable manner.
- Company shall comply with the Companies Act 2013, the CSR Rules framed thereunder and as guided by CSR Guidelines issued by Ministry of Corporate Affairs, Govt of India from time to time.



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### **5. COMMITMENT & INVOLVEMENT OF MANAGEMENT & EMPLOYEES**

The philosophy & spirit of CSR is to be spread across the organization through sensitization & awareness programme for cross-section of employees.

### **6. BOARD RESPONSIBILITY**

The Board of **KWALITY PHARMACEUTICALS LIMITED** will be responsible for:

- approval of CSR policy and CSR annual action plan as recommended by Corporate Social Responsibility Committee (CSR Committee) of the Company
- based on the recommendation of the CSR Committee, the Board may update, alter, modify or amend the CSR plan at any time during the financial year.
- In accordance with the provisions of Section 135 of the Companies Act, 2013, ensuring that in each financial year the Company spends at least 2% of the average net profit before taxation excluding profits arising from overseas branches made during the three immediately preceding financial years.
- ensuring that every financial year funds committed by the Company for CSR activities are utilized effectively, besides regularly monitoring and implementation.
- disclosing in its Annual Report the names of CSR Committee members, the content of the CSR policy, annual action plan and ensure projects approved by the board and annual reporting of its CSR activities on the Company website.
- ensuring annual reporting of CSR policy including impact assessment reports to the Ministry of Corporate Affairs, Government of India, as per the prescribed format.
- review the status of implementation and fund utilization of the various projects and programmes as per approved CSR Plan at least once in a year.

### **7. CSR ANNUAL ACTION PLAN**

The CSR Annual Action Plan shall include the following:

- a) the list of CSR projects or programmes 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 or programmes,
- c) the modalities of utilisation of funds and implementation schedules for the projects or programmes,



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- d) monitoring and reporting mechanism for the projects or programmes,
- e) details of need and impact assessment, if any, for the projects undertaken by the company and
- f) any other matter as may be required under the Act and the rules made thereunder.

### **8. CSR COMMITTEE**

The CSR committee of **KWALITY PHARMACEUTICALS** will consist of two or more directors. The CSR committee will be responsible for:

- formulating the CSR policy in compliance to Section 135 of the Companies Act 2013
- identifying activities to be undertaken as per Schedule VII of the Companies Act 2013
- recommending to Board the CSR expenditure to be incurred.
- recommending to Board, modifications to the CSR policy as and when required.
- regularly monitoring the implementation of the CSR policy
- approving the budgetary allocation funds to various units/groups monitoring the CSR activities
- Recommend to the board an Annual CSR Action Plan delineating the CSR projects or programmes to be undertaken during the financial year and
- Appoint an independent agency/firm to carry out impact assessment study, if any.

### **9. CSR PROJECTS/ACTIVITIES**

The thrust of CSR shall be in the following areas, with special attention to the development of weaker/marginalized/under privileged sections of the society including SC/ST/OBC/ Minorities, women and children, BPL families, old and aged, physically challenged etc.

- a) Eradication of hunger and malnutrition.
- b) Community health care – Health and hospital infrastructure and equipment; Health camps; Medical treatment
- c) Upliftment of marginalized and differently abled communities through Education interventions
- d) Drinking water, sanitation and hygiene programs
- e) Empowerment of communities, women to ensure inclusive socio economic growth
- f) Environmental protection – Afforestation, Sustainable agriculture
- g) Rural development initiatives
- h) Other activities (rural sports, disaster relief, safety, army welfare, protection of art and culture, animal welfare etc)

Such other activities as may be permitted under the laws.

The CSR activities shall be as per Schedule–VII as amended from time to time as part of the Companies Act, 2013.



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### **10. SELECTION & NEED ASSESSMENT OF CSR PROJECTS/ ACTIVITIES**

All the requests/applications from Villagers/Gram Sabha's / Panchayat / Ward Members/ NGOs/ Trusts/ Societies/Beneficiaries etc. shall be scrutinized and screened by CSR committee and then their need assessment would be done.

The need assessment/baseline survey shall be carried out through in-house expertise and recourses.

### **11. APPROVAL OF CSR PROJECTS/ACTIVITIES**

All the CSR projects/activities shall be approved by CSR Committee of the Board and ratified by Board of Directors.

### **12. ALLOCATION OF FUNDS**

**KWALITY PHARMACEUTICALS** shall spend in each financial year, at least 2% of the average net profits of the company made during the three immediately preceding financial years. The total budgetary allocation shall be approved by the Board of Directors.

The Board of a company shall satisfy itself that the funds disbursed to the entities for CSR have been utilized for the purposes and in the manner as approved by it and or the person responsible for financial management shall certify to the effect.

The surplus arising out of the CSR activities will not be considered as a part of the business profits of the Company and shall be ploughed back into the same project, or shall be transferred to the Unspent CSR Account and it should be spent in pursuance of this CSR policy and annual action plan of the Company, or the Company may transfer such surplus amount to a Fund specified in Schedule VII of the Act, within a period of six months of the expiry of the financial year.

Any unspent amount, other than unspent amount relating to an ongoing project, will be transferred to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

Unspent CSR funds of ongoing projects will be transferred within a period of 30 days from the end of the financial year to a special account opened by the company in any scheduled bank called the "Unspent Corporate Social Responsibility Account". Such amount shall be spent by the company towards CSR within a period of 3 financial years from the date of such transfer, failing which, the company shall transfer the same to a Fund specified in Schedule VII, within a period of 30 days from the date of completion of the third financial year.



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### **13. PLANNING, IMPLEMENTATION & MONITORING**

The Company shall undertake and implement CSR activities either directly or through a registered public trust, registered society or a section 8 company under the Companies Act, 2013, (NGOs), institutions and /or such other agencies ('implementing agencies') as may be specified in Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time.

The Company may also engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy or also collaborate with other companies for undertaking projects or programmes or CSR activities in accordance with the provisions of the Act and the rules made thereunder.

The implementing agencies, who intend to undertake any CSR activity, shall register themselves with the Central Government and obtain a unique CSR Registration Number, wherever applicable.

The CSR activities to be undertaken by the Company under the Policy shall be approved by way of Annual CSR Action Plan ('CSR Plan') by the Board on the recommendation of the CSR Committee.

The CSR policy is implemented as per the Act and the Rules. The CSR policy will be implemented ensuring that all projects/programmes as budgeted are duly carried out. CSR spends will be closely monitored and funds shall be released against verified utilizations as per the approved work plans. This may include monthly field visits, comprehensive documentation, and regular interaction with beneficiary communities. Further, CSR spends will be audited in an accountable and transparent manner.

Activities shall, as far as possible, be implemented in a project mode. For easy implementation, long-term CSR projects shall be broken down into medium-term and short-term plans. Each plan shall specify the CSR activities planned to be undertaken for each year. Accordingly, the budget shall be allocated for the implementation of these activities and achievement of targets set for each successive year, till the final completion of the project.

The CSR amount may be spent by a company for creation or acquisition of a capital asset, which shall be held by –

- Section 8 company, registered public trust or registered society having charitable object and CSR registration number.
- Beneficiaries of said CSR project, in the form of self-help groups, collectives, entities, or
- A public authority.

### **14. REPORTING**

The CSR Committee will periodically submit the reports to the Board of Directors for their information, consideration and necessary directions.



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The periodicity of submission of reports shall be on quarterly basis for review by the CSR committee and six-monthly reviews by the Board.

### **15. IMPACT ASSESSMENT**

The Company shall undertake impact assessment, through an independent agency and the impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.

### **16. DOCUMENTATION**

The CSR Committee will prepare the annual CSR report to be filed by the Company on approval of the Board. This report will ensure:

- CSR projects and programmes are being properly documented.
- Accountability is fixed at each level of CSR process and implementation.
- A repository of case studies and good practices is being maintained.
- Impact Assessment reports for the identified and qualified projects as per the Companies (Corporate Social Responsibility Policy) Rules amended from time to time.

### **17. CONTINGENCY**

Certain projects/activities which are not approved by CSR Committee but are required to be implemented on an urgent basis in unforeseen circumstances relating to Natural calamity, can be taken up for Implementation after approval from Managing Director. The CSR Committee and Board of Directors would be appraised about such projects/activities during their next meeting.

### **18. GENERAL**

- a) The CSR Policy shall be recommended by the CSR Committee to the Board of Directors for its approval.
  - b) The Company reserves the right to modify, cancel, add, or amend any of the above rules/guidelines, with the approval of CSR Committee and Board of Directors.
  - c) Any or all provisions of the CSR policy shall be subject to revision/amendment in accordance with the guidelines on the subject as may be issued from Government of India, from time to time.
  - d) In case of doubt with regard to any of the provision of the policy and also in respect of matters not covered herein, the interpretation and decision of the CSR Committee shall be final.
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