R.A.K. CERAMICS INDIA PRIVATE LIMITED

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY
1. **Preamble**

R.A.K. Ceramics India Private Limited ("Company" or "RAK India") strives to be a socially responsible company and strongly believe to the development of society at large. Corporate Social Responsibility ("CSR") at "RAK India" portrays the deep symbiotic relationship that the Company enjoys with the communities it is engaged with. As a responsible corporate citizen, we try to contribute for social and economic development on regular basis. We believe that to succeed, an organization must maintain highest standards of corporate behavior towards its employees, consumers and societies in which it operates.

2. **Objective**

The objective of this Policy is to set guidelines for carrying out CSR activities by the Company. Identify broad areas of intervention in which the company will undertake projects and also to set up process for execution, implementation and monitoring of the CSR activities to be undertaken by the Company.

3. **CSR Obligations**

Pursuant to Section 135 of the Companies Act, 2013 (Act) and Companies (Corporate Social Responsibility Policy) Rules, 2014 (Rules) and Schedule VII appended to said Act, including any statutory modification(s) or re-enactment thereof for the time being in force (Collectively referred hereinafter as “Rules”) every company having net worth of Rs. 500 crores or more or turnover of Rs. 1000 crores or more or a net profit of Rs. 5 crores or more during any financial year shall constitute a Corporate Social Responsibility Committee (CSR Committee) of the Board.

This CSR Policy shall operate as the corporate social responsibility policy of the Company under the Act and the Companies (Corporate Social Responsibility Policy) Rules 2014 (“CSR Rules”) as amended from time to time.

4. **Policy Statement**

The CSR Policy focuses on addressing critical social, environmental and economic needs of the marginalized / underprivileged sections of the society. We adopt an approach that integrates the solutions to these problems into the strategies of the company to benefit the communities at large and create social and environmental impact.

5. **Definitions**

   - “Act” means the Companies Act, 2013, as amended from time to time.
   - “Board” means the Board of Directors of the Company.
   - “Company” means ‘RAK Ceramics India Private Limited’.
   - “CSR Committee” means Corporate Social Responsibility Committee of the Company constituted by the Board.
“CSR Expenditure” shall include all expenditure including contribution to corpus, for projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee.


“CSR Policy” means this Policy.

“Financial Year” referred under sub-section (1) of Section 135 of the Act read with Rule 3(2) of Companies CSR Rule, 2014 implies ‘any of the three preceding financial years.

“Net Profit” the Net Profit of the Company as per its financial statements prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely:

- Any profit arising from any overseas branch or branches of the Company, whether operated as a separate company or otherwise and
- Any dividend received from other companies in India, which are covered under and complying with the provisions of Section 135 of the Act.

6. CSR Programmes and Projects

The Company proposes to adopt one or more of the following CSR activities as prescribed by applicable laws, including Schedule VII of the Companies Act, 2013, as amended from time to time:

(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 vocation 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 balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to 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 art; setting up 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 recognised 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 Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;

(ix) contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government; and

(x) rural development projects.

(xi) slum area development - where 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.

(xii) Such other activities as may be permitted under applicable laws, including Schedule VII of the Companies Act, 2013, as amended from time to time.

7. **CSR Committee**

a) The CSR policy and programs shall be implemented, managed and supervised by the CSR committee appointed by the Board.

b) The CSR Committee shall comprise at least such number of Directors as is mandatorily required by applicable laws.

c) The Committee shall inter alia:

   (i) Formulate and recommend to the Board, a CSR Policy;

   (ii) Recommend to the Board CRS activities to be undertaken by the Company as specified in Schedule VII appended to the Act during any financial year along with detailed plan, modalities of execution, implementation, schedule, monitoring process and amount to be incurred on such activities.

   (iii) Monitor the CSR Policy of the Company from time to time and ensure its compliance.

   (iv) Submit to the Board yearly report giving status of the CSR activities undertaken, expenditure incurred and such other details as may be required by it.

d) The Committee shall meet at least once in a financial year.
8. **CSR Expenditure**

a) The Company shall spend at least 2% (two percent) of the average Net Profits of the Company made during the three immediately preceding financial years. The surplus arising out of the CSR activity will not be part of business profits of the Company. The Corpus would thus include the 2% of average net profits, as aforesaid, any income arising there from and surplus arising out of CSR activities.

b) Every year, the Company shall with the approval of its Board make a budgetary allocation for CSR activities/ projects for the year. The budgetary allocation will be based on the profitability of the Company and the requirements of applicable laws.

c) The Company expects to spend the budgeted amount allocated for CSR activities/ projects planned for each financial year, within that year. If for any reason, the budget of a year remains unutilised, the same would not lapse and would be carried forward to the next year for expenditure on CSR activities, which were planned for implementation in the previous year, but could not be completed due to some reason. The CSR Committee and the Board of Directors will disclose the reasons for not being able to spend the entire budgeted amount on the CSR activities as planned for that year.

d) The amount allocated for emergency needs but not utilised in the year of its allocation may be carried forward to the next year for utilization for CSR activities.

e) Any surplus arising out of the CSR activities, projects or programs shall not form part of the business profits of the Company.

f) One-off events such as marathons / awards / charitable contribution / advertisement / sponsorships of TV programmes etc. would not be qualified as part of CSR expenditure.

g) Expenses incurred by the company for the fulfillment of any Act / Statute of regulations (such as Labour Laws, Land Acquisition Act etc.) would not count as CSR expenditure under the Companies Act.

h) Salaries paid by the company to regular CSR staff as well as to volunteers of the companies (in proportion to company’s time/hours spent specifically on CSR) can be factored into CSR project cost as part of the CSR expenditure.

i) Expenditure incurred by Foreign Holding Company for CSR activities in India will qualify as CSR spend of the Indian subsidiary if, the CSR expenditures are routed through Indian subsidiaries and if the Indian subsidiary is required to do so as per section 135 of the Act.

j) Contribution to Corpus of a Trust/ society/ section 8 Companies etc. will qualify as CSR expenditure as long as

   i. the Trust/ society/ section 8 companies etc. is created exclusively for undertaking CSR activities or
   ii. where the corpus is created exclusively for a purpose directly relatable to a subject covered in Schedule VII of the Act.
9. **Implementation of CSR Activities**

a) The Company may undertake CSR activities through registered trust or society or any company, established by the company, its holding or subsidiary company under Section 8 of the Act for such non-for-profit objectives.

Provided that the Company can carry out the CSR activities through such other institutes having an established track record of 3 (three) years in undertaking the CSR activities.

b) The Company may collaborate with other companies for undertaking the CSR activities subject to fulfillment of separate reporting requirements as prescribed in the Regulations.

c) The CSR activities shall not include any activities undertaken by the Company in pursuance of normal course of business of the Company.

d) The Company shall not make any payment directly or indirectly to Political Party(ies) for CSR activities.

e) The CSR activities shall be undertaken within the territory of the Republic of India.

10. **Implementation Structure**

a) The Company will integrate its CSR plans and strategy with its business plans and strategies. For effective implementation, long-term CSR plans will be broken down into medium-term and short-term plans. Each plan recommended by the CSR Committee should specify the CSR activities planned to be undertaken for each year, define the responsibilities of the designated authorities to be engaged in this task, and also prescribe the measurable and the expected outcome and social/ environmental impact of the CSR activities.

b) The Company recognizes that the period of implementation of its long term CSR projects can extend over several years depending upon the expected outcomes/ impact thereof. While planning for such long term projects the CSR Committee would estimate the total cost of each project and recommend to the board of directors of the Company that the Company should commit such amount for long term expenditure till the completion of the project.

c) Each long term project will be broken up into annual targets and activities to be implemented sequentially on a yearly basis, and the budget would have to be allocated for the implementation of these activities and achievement of targets set for each successive year, till the final completion of the project.

d) Where the CSR activities are closely aligned with the business strategy and the Company possesses core competence to do it, the Company may take up the implementation of CSR project with its own manpower and resources, if the CSR Committee is confident of its organisational capability to execute such projects.
e) If in the opinion of the CSR Committee, the implementation of CSR projects requires specialised knowledge and skills, and if the Company does not have such expertise in-house, the CSR Committee may recommend to avail the services of external specialised agencies for the implementation of such CSR projects.

f) In the event an external agency is engaged for the purposes of the CSR initiatives of the Company, the Company will need to enter into an agreement with the relevant executing/implementing external agency, setting out the terms and conditions of the engagement of the external agency.

11. **Display**

a) The contents of the CSR Policy shall be disclosed in the Directors’ Report and the same shall also be displayed on the Company’s website.

b) The Company’s arrangement in this purview is to be published its in-house journals as and when deem fit.

12. **Tax Treatment**

Tax treatment of CSR spent will be in accordance with the Income Tax Act, 1961 as may be notified by Central Board of Direct Taxes (CBDT).

13. **Amendments**

a) The CSR Committee shall review the CSR Policy from time to time based on the changing needs and make suitable modifications as may be necessary with the approval of the Board.

b) In case of any doubt with regard to any provision of this CSR Policy and also in respect of matters not covered herein, a reference should be made to the CSR Committee. In all such matters, the interpretation and decision of the CSR Committee shall be final.

c) The Company reserves the right to modify, cancel, add, or amend this CSR Policy.

*In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.*

Date: 29th January, 2015
Place: Mumbai