

## **KAJARIA CERAMICS LIMITED**

### **CORPORATE SOCIAL RESPONSIBILITY POLICY**

#### **PREAMBLE**

Corporate Social Responsibility ('CSR') is strongly connected with the principles of sustainability. An 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 Kajaria Ceramics Limited ('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.

In order to provide further impetus to the social interventions and make the entire process and activities more impact driven, the Company has adopted the Corporate Social Responsibility Policy ('CSR Policy') and further revised the CSR Policy, pursuant to the provisions of the Companies Act, 2013 ('the Act') read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 ('the CSR Rules') [including amendments thereof, from time to time].

#### **GUIDING PRINCIPLES**

The Company recognizes and is always committed towards sustainable development and inclusive growth. The Company strives to ensure strong corporate culture which emphasizes on integrating the CSR values with business objectives. The Company also pursue initiatives related to quality management, environment preservation and social awareness. The Policy includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan.

#### **OBJECTIVES OF THE CSR POLICY/CSR VISION**

- To continuously improve the standard of living of the people around our operational facilities and helping to conserve those natural resources which our community depend on.
- To engage in good manufacturing practices across its operations to continue to build a sustainable business.
- To protect the environment and to make the business as an environment friendly and to ensure environment sustainability.
- To make a positive, lasting difference wherever our business touches the world, and the world touches our business. The Company is committed to help to solve its collective challenges - whether it's health and well-being issues, access to safe water or supporting weaker sections/women's economic opportunity/education - in collaboration with critical partners from civil society and government.
- To ensure benefit to society for sustainable development by imparting measurable values to all stakeholders in every aspect of our operations.

#### **SCOPE OF CSR POLICY**

The CSR Policy will pertain to all activities undertaken by the Company towards fulfilling its CSR objectives. The CSR Policy will also ensure compliance of the provisions of Section 135 and Schedule VII of the Act read with the CSR Rules, as amended from time to time.

## **CSR COMMITTEE & ITS MEETINGS**

- Corporate Social Responsibility Committee or CSR Committee  
In compliance with the provisions of Section 135 of the Act, a CSR Committee has been constituted by the Board. CSR Committee, at all times, comprises a minimum of 3 directors out of which at least 1 director will be an Independent Director. Constitution of the CSR Committee may be changed by the Board, from time to time.
- Frequency of Meetings  
The CSR Committee will meet as and when required and as required under the applicable laws.
- Quorum  
Minimum of two Members of the CSR Committee shall form the quorum for its meeting.
- Invitees  
The CSR Committee may, at its discretion, invite associates/others, to attend and participate at its meeting.
- Secretary  
The Company Secretary of the Company will act as the Secretary to the CSR Committee.
- Resolutions  
All decisions shall be taken by simple majority. In case of equality of votes on any matter, the Chairperson of the CSR Committee shall have a casting vote. The CSR Committee may also pass a resolution by circulation.
- Minutes  
Minutes of the meetings of the CSR Committee will be placed before the Board.

## **ROLE OF THE CSR COMMITTEE**

Role of the CSR committee will as per the terms of reference decided by the Board which, inter-alia, includes the following functions:

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the CSR activities to be undertaken by the Company itself or through implementing agency(ies).
- To formulate and recommend to the Board, an annual action plan in pursuance of the CSR Policy, which shall include the details as prescribed under the Act read with the CSR Rules.
- Recommend the amount of expenditure to be incurred on each CSR activity.
- Any other activity or function as may be assigned by the Board or as may be required under the Act read with the CSR Rules, from time to time.

## **BUDGET**

A specific budget will be allocated for CSR activities (i.e. CSR Projects/Programmes) for every financial year which will be in compliance with the limits prescribed under the Act. However, the CSR Committee may recommend CSR budget exceeding the limits prescribed under the Act subject to approval of the Board of Directors ('the Board') the Company.

Budget for expenditure to be incurred on the CSR activities to be covered, so as to achieve the aforesaid objectives, will be recommended by the CSR Committee and approved by the Board from time to time. The Corpus of the CSR activities will include the following amounts:

- 2% of the average net profits of three financial years of the Company;

- Any income arising therefrom; and
- Surplus arising out of CSR activities.

Any surplus arising out of the CSR activities will not be a part of business profits of the Company.

## **CSR ACTIVITIES**

To attain its CSR objectives in a professional and integrated manner, the Company shall undertake such activities which includes:

- Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
- Eradicating hunger poverty and malnutrition, promote preventive healthcare, sanitation and actively contribute to the socio-economic development by organizing the free health checkup camps, blood donation camps, sponsoring the medical treatment, providing blankets to the poor during winters, building/reconstructing toilets in government schools and providing facilities for safe drinking water in government schools and in other areas;
- Ensuring the environmental sustainability, ecological balance and conservation of natural resources by recycling & reusing scarce natural resources i.e. water & raw materials regularly;
- At the time of national crisis, as a Company it is imperative for it to respond to emergency situations & disasters by providing timely help to affected victims and their families by contributing to the Prime Minister National Relief Fund or any other fund set up by the Central Government; and
- 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;
- Rural development projects / Slum area development;
- Any other activity as specified by the Ministry of Corporate Affairs or included in the Schedule VII of the Act

The above CSR activities are in alignment with Schedule VII of the Act and is subject to amendment, if any, to the Schedule VII of the Act read with applicable provisions under the Act.

## **TENURE OF CSR ACTIVITIES**

Tenure of the identified CSR activities may be i. Short Term - upto 1 year; or ii. Long term (i.e. ongoing project/programme as defined under the Act read with the CSR Rules).

## **IDENTIFICATION OF CSR PROJECTS / PROGRAMMES**

1. The CSR activities, whether undertaken by the Company or through other permitted entity(ies), shall be carried out in and around the areas of the Company's manufacturing locations / offices. However, CSR Committee may identify other areas for CSR activities, from time to time and obtain necessary approval from the Board.
2. The CSR activities will not include the following activities:
  - Any activity in pursuance of normal course of business of the Company;
  - Any activity exclusively for the benefit of its employees and their family members;

- Any activity outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;
- Contribution of any amount directly or indirectly to any political party under Section 182 of the Act;
- Any activity to be supported on sponsorship basis for deriving marketing benefits for the Company's products or services;
- Any activity for fulfilment of any other statutory obligations under any law in force in India;

## **IMPLEMENTATION OF CSR PROJECTS / PROGRAMMES**

The Board may decide to undertake CSR activities as recommended by the CSR Committee. The CSR activities will be executed through one or more of the following modes:

- a) directly by the Company; or
- b) a company established under Section 8 of the Act, or a registered public trust or a registered society, registered under Sections 12A and 80 G of the Income Tax Act, 1961, established by the Company, either singly or along with any other company, or
- c) a company established under Section 8 of the Act or a registered public trust or a registered society, registered under Sections 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

Provided that every entity, mentioned at points nos. (b) & (c) above, who intends to undertake any CSR activity, shall register itself with the Central Government by filing the form CSR-1 electronically with the Registrar of Companies.

## **UNSEPT CSR AMOUNT / EXCESS SPENT ON CSR**

The Company shall comply with the provisions regarding the transfer/utilisation of unspent amount as prescribed under the Act read with the CSR Rules.

If the Company spends an amount in excess of requirement provided under the Act, such excess amount may be set off against the requirement to spend under the Act up to immediate succeeding three financial years subject to the conditions that:

- the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any; and
- the Board will pass a resolution to that effect.

## **MONITORING**

The CSR committee will also have power to constitute such sub-committees as it may deem appropriate for the following:

- To implement the CSR projects / programmes.
- To monitor the CSR projects / programmes.

The Board shall satisfy itself that the funds so disbursed for identified CSR activities have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer of the Company or the person responsible for financial management shall certify to the effect.

In case of ongoing CSR project, the Board shall monitor the implementation of the said 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.

The CSR Committee shall also review all CSR activities, subject to the provisions of the Act read with CSR Rules, including utilization of funds to ensure their effective implementation of the CSR activities. The progress of CSR activities under implementation will be reported to the CSR Committee.

## **ANNUAL ACTION PLAN**

The Annual Action plan of CSR activities to be carried out during a financial year shall be formulated by the CSR Committee and be recommended to the Board for its approval. The Board, on recommendation of the CSR Committee, may alter the said plan at any time during the financial year. The Annual Action Plan shall include the following:

- CSR Projects/ Programmes/Activities to be undertaken in area or subjects specified in Schedule VII of the Act;
- Manner of execution of the CSR Projects/Programmes/Activities;
- Modalities of utilisation of funds and implementation schedules for the CSR Projects/ Programmes/Activities;
- Monitoring and Reporting of CSR Projects/ Programmes/ Activities; and
- Details of need and impact assessment (if any) for the CSR Projects/ Programmes/Activities undertaken by the Company.

## **IMPACT ASSESSMENT**

If the Company having an average CSR obligation of Rs. 10 crores or more or as may further be prescribed under the Act read with the CSR Rules, in the three immediately preceding financial years, then the Company shall undertake impact assessment, through an independent agency, of its CSR activities having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study. The impact assessment report(s), if any, shall be placed before the Board and shall be annexed to the annual report on CSR.

## **DISCLOSURE**

The composition of CSR Committee, the CSR Policy, Projects approved by the Board and an Annual Report on Corporate Social Responsibility will be displayed/disclosed as per the provisions of the Act read with the CSR Rules.

## **REVIEW / AMENDMENT**

This revised CSR Policy may be amended by the Board, from time to time, on the recommendation of the CSR Committee of the Company, as and when deemed fit. Any or all provisions of this Policy would be subject to revision/amendment in accordance with the provisions of the Act and/or the CSR Rules and/or other applicable laws, from time to time. Any subsequent amendments in the Act or the CSR Rules or and/or other applicable laws shall be binding even if not incorporated in this Policy.

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This revised CSR Policy has been approved by the Board at its meeting held on June 14, 2021, on recommendation of the CSR Committee of the Company.