

PC JEWELLER LIMITED

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CORPORATE SOCIAL RESPONSIBILITY POLICY

1) PREFACE

Social responsibility has always been at the forefront of PC Jeweller Limited (“**Company**”) operating philosophy and as a result the Company consistently contributes to socially responsible activities. As a responsible corporate citizen, the Company tries to contribute towards social causes on a regular basis. The Company believes that to succeed, an organization must maintain highest standards of corporate behaviour towards its employees, customers and society in which it operates. The Company is of the opinion that CSR underlines the objective of bringing about a difference and adding value in the Company stakeholders’ lives.

The Company’s Corporate Social Responsibility Policy (“**Policy**”) is rooted in its core values of quality, reliability and trust guided by international standards and best practices, and driven by the Company’s aspiration for excellence in the overall performance of its business.

This Policy has been framed in compliance with the requirements of Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014. On the recommendation of Corporate Social Responsibility Committee, the Board of the Company at its meeting held on November 12, 2014 approved this Policy. This Policy shall be effective with effect from April 1, 2014.

2) CORPORATE SOCIAL RESPONSIBILITY PHILOSOPHY

This Policy outlines the Company’s philosophy as a responsible corporate citizen of India. It also lays down the guidelines and mechanism for undertaking socially useful programs for welfare & sustainable development of the community, in the local area and around areas of operations of the Company including other parts of the Country.

3) CORPORATE SOCIAL RESPONSIBILITY VISION & MISSION

- 3.1) To actively contribute to the Social, Economic and Environmental development of the community through sustainable measures and thereby create value for the nation;
- 3.2) To ensure socio-economic development of the community through different participatory and need-based initiatives in the best interest of the poor and deprived sections of the society so as to help them to become independent and build a better tomorrow for themselves;

- 3.3) Develop meaningful and effective strategies for engaging with all stakeholders;
- 3.4) Consult with local communities to identify effective and culturally appropriate development goals;
- 3.5) Partner with credible organizations like trusts, foundations etc. including non-government organizations;
- 3.6) Ensure efficient use of energy and environment friendly technologies.

4) **DEFINITIONS**

- 4.1) **'Act'** means the Companies Act, 2013.
- 4.2) **'Board'** means the Board of Directors of the Company.
- 4.3) **'Company'** means PC Jeweller Limited.
- 4.4) **'CSR Committee or Committee'** means the Corporate Social Responsibility Committee of the Board constituted pursuant to Section 135 of the Act.
- 4.5) **'CSR or Corporate Social Responsibility'** means and includes but is not limited to:
 - i) Projects or programs relating to activities specified in Schedule VII of the Act; or
 - ii) Projects or programs relating to activities undertaken by the Company in pursuance of the recommendations of the CSR Committee and approved by the Board as per this Policy.
- 4.6) **'Net Profit'** means the net profit of the Company as per its financial statement prepared in accordance with the applicable provisions of the Act, but 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.
- 4.7) **'Rules'** means the Companies (Corporate Social Responsibility Policy) Rules, 2014 or as may be amended from time to time.

Words and expressions used in this Policy and not defined herein but defined under the Act or Rules shall have the meanings respectively assigned to them therein.

5) CONSTITUTION OF CSR COMMITTEE AND ITS FUNCTIONS

In terms of Section 135 of the Act, the Board of the Company constituted a CSR Committee, headed by an independent director *inter alia*, to carry out the following functions:

- (a) to formulate and recommend to the Board, a CSR Policy, indicating activities to be undertaken as specified in the prescribed Schedule;
- (b) to recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- (c) to monitor the CSR Policy from time to time.

6) CSR FUNDS / BUDGET

The Company shall allocate the following amounts towards its annual CSR funds / budget for the purpose of carrying on CSR activities –

- i) 2% of the average Net Profits of the Company made during the three immediately preceding financial years, as prescribed under the Act and the Rules, or such higher percentage as may be prescribed by the Central Government from time to time. The Average Net Profit shall be calculated in accordance with the provisions of Section 198 of the Act;
- ii) Any income arising therefrom; and
- iii) Surplus arising out of CSR activities carried out by the Company.

7) SURPLUS OF CSR PROJECTS

Surplus arising out of CSR projects or programs, if any, shall not be part of business profits of the Company.

8) CSR ACTIVITIES

The CSR activities that the Company will pursue will be in line with its stated Vision and Mission.

8.1) CSR programs or projects to be undertaken by the Company in terms of this Policy, shall relate to one or more activities listed in Schedule VII of the Act at present or as may be amended from time to time.

Presently Schedule VII of the Act covers following activities:

- (i) eradicating hunger, poverty and malnutrition, promoting healthcare including preventive health care and sanitation including contribution to the Swachh 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 the clean Ganga Fund set up by 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;

(x) rural development projects;

(xi) Slum Area Development.

8.2) CSR expenditure shall include all expenditure including contribution to corpus, for projects or programs relating to CSR activities approved by the Board on the recommendations of the CSR Committee, but will not include any expenditure on any activity which is not in conformity or not in line with activities which fall within the purview of Schedule VII of the Act.

8.3) The allocated CSR funds / budget will be utilized for CSR activities undertaken within India, which are not -

- i) exclusively for the benefit of employees of the Company or their family members; and/or
- ii) undertaken in pursuance of normal course of business of the Company.

8.4) Contribution of any amount, directly or indirectly, to any political party under Section 182 of the Act, shall not be considered as CSR activity.

9) MODE OF IMPLEMENTATION

9.1) CSR programs or projects under this Policy, will be implemented either -

- i) directly by the Company; or
- ii) through a Registered Trust or a Registered Society or Section 8 Company (i.e. Company registered under Section 8 of the Act), established by the Company or its holding or subsidiary or associate company; or
- iii) through any other Registered Trust or Registered Society or Section 8 Company, not being established by the Company or its holding or subsidiary or associate company:

Provided that it shall have an established track record of at least three years in undertaking similar programs or projects; or

- iv) in collaboration with other companies:

Provided that CSR Committees of respective companies are in a position to report separately on such projects or programs in accordance with the Rules; or

- v) combination of one or more of the above.

9.2) In case one or more CSR projects or programs are undertaken in collaboration with any other company, clear demarcation with respect to responsibility, contribution, implementation, monitoring etc. of each collaborator shall be established.

10) IMPLEMENTATION

10.1) The Committee shall from time to time decide / recommend to the Board on CSR activities to be undertaken, the geographical areas covered, mode and schedule of implementation, the amount to be spent on various projects.

10.2) The Committee shall have full discretion to specify or modify the modalities of execution of CSR projects or programs and to determine implementation schedule.

10.3) The time period for implementation of a particular CSR project or program or activity shall depend on, amongst other things, its nature, extent of coverage, intended impact of the program etc.

10.4) All CSR projects or programs under this Policy shall be undertaken in India only, with due consideration and preference to local areas around areas of operations of the Company.

11) MONITORING PROCESS

11.1) In order to ensure effective implementation of CSR projects or programs, the Committee while approving projects or programs to be undertaken by the Company pursuant to this Policy during a financial year, shall decide the implementation schedule and frame suitable project-specific monitoring mechanism.

11.2) The Committee shall hold atleast two meetings during a financial year, inter-alia, to monitor the progress of on-going CSR projects or programs and report the same to the Board.

11.3) The Committee shall on completion of every Financial Year, submit to the Board, a report on details of the CSR spent during the Financial Year and specify the reasons for the actual expenditure being less than the prescribed limits.

11.4) The Committee may recommend changes / modifications to be carried out in the Policy to the Board from time to time.

12) ROLE OF BOARD

The role and responsibilities of the Board shall include:

- i) Approval of this Policy after taking into account recommendations of the CSR Committee.
- ii) The Directors' Report of the Company shall include an annual report on CSR containing the particulars prescribed by the Act or the Rules and disclose contents of the Policy in its report.
- iii) Ensure that the Policy shall be displayed on the Company's website **www.pcjeweller.com**.
- iv) Ensure that the CSR activities are undertaken and executed by the Company as per this Policy and the applicable laws.
- v) Ensure that the Company spends, in every financial year, at least 2% of the average net profits of the Company made during the three immediately preceding financial years, in pursuance of this Policy.

13) CAPACITY BUILDING

The Company may take such steps, as may be deemed necessary, for building CSR capacities of its own personnel and / or those of the implementing agencies engaged for CSR activities, through Institution(s) authorized in this behalf, but such expenditure including expenditure on administrative overheads, shall not exceed 5% of the total CSR expenditure of the Company in one financial year.

14) GENERAL

14.1) The activities undertaken by the Company in pursuance of its normal course of business shall not be considered as CSR activities.

14.2) The interpretation of the Chairman of CSR Committee on the provisions of this Policy shall be final.

15) AMENDMENT

The Board may upon the recommendation of CSR Committee, amend or modify this Policy, as and when necessary, subject however to the provisions of the Act and the Rules.

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