

CORPORATE SOCIAL RESPONSIBILITY (“CSR”) POLICY

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CONTEXT

Section 135 of the Companies Act, 2013 ('the Act'), read with Companies (Corporate Social Responsibility Policy) Rules, 2014 ('CSR Rules') as amended from time to time requires every company having:

1. Net Worth of Rs. 500 crore or more; or
2. Turnover of Rs. 1000 crore or more; or
3. Net Profit of Rs. 5 crore or more

to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility activities. The CSR activities should not be undertaken in the normal course of business and must be with respect to any of the activities mentioned in Schedule VII of the 2013 Act. The Company also needs to constitute a Corporate Social Responsibility Committee ('CSR Committee'). Further, the CSR Committee so constituted shall formulate a Corporate Social Responsibility ('CSR') Policy and recommend the same to the Board of Directors of the Company ('Board') for its approval.

India is one of the largest growing economies in the world. However, it continues to be overloaded with various problems and challenges of poverty, health hazards, environmental degradation, illiteracy, poor educational standards, inadequate infrastructure, power crisis, gender bias as well as uneven distribution of wealth which many believe, is the main cause of social unrest.

The concept and need for Corporate Social Responsibility (CSR) has gained importance from all avenues. The Government as well as regulators has framed various guidelines pertaining to responsibilities of business as well as the mandatory Corporate Social Responsibility provisions under the Companies Act, 2013.

CSR PHILOSOPHY

Garg Acrylics Limited (herein after refer to as GAL) through its CSR initiatives will continue to enhance value and promote social sustainability, sustainable development of the environment and social welfare of the people and society at large, more specifically for the deprived and underprivileged persons.

As an organization, we believe that sustained economic growth cannot be achieved without social progress and the well-being of local communities. In line with the aforesaid CSR philosophy, we have designed our CSR policy keeping in consideration the critical social needs.

OUR VISION AND PROGRAMS

In alignment with its CSR philosophy, the Company, through its CSR programs, intends to focus on the following thematic areas:

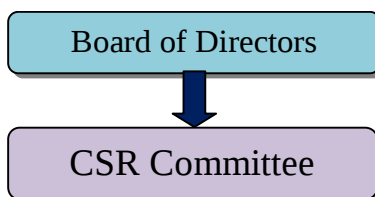
- Medical Relief [activities falling under **promoting health care including preventive health care** covered in clause (i) of schedule VII of the Companies Act, 2013 ('the Act')]
- Promoting education, including special education and employment enhancing vocation skills [activities falling under **promoting education** covered in clause (ii) of schedule VII of the Act]
- Social Upliftment [activities of **setting up homes and hostels for orphans, setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups** covered in clause (iii) of schedule VII of the Act]

- Environmental Sustainability [activities falling under **ensuring environmental sustainability** covered in clause (iv) of schedule VII of the Act]
- Protection of National heritage art and culture [activities falling under **Protection of national heritage** covered in clause (v) of schedule VII of the Act]
- Measures for the benefit of Armed forces [activities covered in clause (vi) of schedule VII of the Act]
- Promote sports [activities falling under **training to promote sports** covered in clause (vii) of schedule VII of the Act]
- Contribution to Govt. funds [activities falling under **Contribution to funds set up by the central govt.** covered in clause (viii) of schedule VII of the Act]
- Contribution to incubators or research and development projects in various fields [activities falling under **Contribution to incubators or research and development projects in various fields** covered in clause (ix) (a) (b) of schedule VII of the Act] **public funded Universities**
- Rural development projects [**Rural development projects** is covered in clause (x) of schedule VII of the Act]
- Slum area development [**Slum area development** is covered in clause (xi) of schedule VII of the Act]
- Disaster management, including relief, rehabilitation and reconstruction activities.

GAL intends to achieve its CSR objectives in the above mentioned areas by dedicating a percentage of Company's profits and ensuring the implementation of CSR initiatives in letter and spirit through appropriate procedures and reporting.

GOVERNANCE STRUCTURE

GAL's CSR governance structure comprises of CSR committee and the Board, wherein CSR committee reports directly to the Board. The said structure is diagrammatically represented hereunder:



I. Constitution of CSR Committee

The Board has set up a CSR Committee comprising of following directors namely:

Sl. No.	Name of Director	Designation	Designation- CSR Committee
1	Mr. Sanjiv Garg	Managing Director	Chairman
2	Rajiv Garg	Managing Director	Member
3	Avnish Dhingra	Director	Member

Responsibility of the above Committee shall be as follows:

- To formulate and recommend to the Board, a CSR Policy for approval specifying activities to be undertaken as mentioned in Schedule VII of the Act.
- To recommend the amount of expenditure to be incurred on CSR activities.
- To monitor the implementation of CSR policy of the Company from time to time.
- To constitute a transparent monitoring mechanism for ensuring implementation of CSR Projects.
- To be directly responsible to the Board for any act that may be required to be done by the CSR Committee in furtherance of its statutory obligations, or required by the board.

II. Responsibilities of the Board

The responsibilities of the Board shall be as follows:

- ❖ Approving CSR Policy of the Company.
- ❖ Disclosing the content of the policy in its report and placing the policy on the Company's website in the manner prescribed under section 135 of the Act read with CSR Rules.
- ❖ Ensuring that the CSR activities are related to the activities included in Schedule VII of the Act.
- ❖ Ensuring that CSR projects included in the policy are undertaken by the company.
- ❖ Ensuring that the Company spends, in every financial year, at least 2 percent of the average net profits made during the three immediately preceding financial years.
- ❖ Ensuring that reasons for not spending of earmarked amount are disclosed in the Board's report in case the company fails to spend such amount.
- ❖ Ensuring that GAL gives preference to the local areas around its operations for spending the amount earmarked for CSR projects.

CSR SCOPE

In furtherance of its CSR objects, the Company proposed to meet its CSR obligation through a combination of one or more of the following:

- I. CSR activities implemented by the Company on its own,
- II. CSR activities implemented by the Company through own trust/society or group companies trust/society,

CSR FUNDS

The board for the purpose of carrying on the aforesaid activities shall ensure that the Company shall spend 2% of the average Net Profit made by the Company during immediately preceding three Financial Years, computation of which will be carried out in accordance with the provisions of Section 198 of the Act. The surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of the company.

CSR ACTIVITIES

The CSR activities we pursue will be in line with our stated Vision and Mission, focused not just around our plants and offices, but also in other geographies based on the needs of the communities. GAL shall identify any one or more of the following areas for its CSR activities:

Education- "Knowledge is Power"

To work on several educational initiatives to provide quality education, training, skill enhancement for improving the quality of living and livelihood. Initiatives are aimed at:

- Promoting primary and secondary education
- Enabling higher education through merit means providing scholarships, including for differently abled across the country
- Using sports as a tool for development of students in both urban and rural settings
- Promoting higher education including setting up and supporting universities
- Skill development and vocational training

Medical Relief & Research

GAL operates with a vision of providing healthcare facilities at a reasonable cost to the weaker sections of the society. It is well recognized that India's health care system is not fully equipped to meet the challenge of providing medical relief to all at affordable price. Hence, the weaker sections of the society are deprived of access to quality health care. GAL has the following key focus areas in the field of medical relief and research:

- Primary, secondary and tertiary care facilities.
- Conducting need based health camps and providing consultation, medicines etc.
- Working on maternal and child health
- Behavioral change for improved mother and child health
- Improving healthcare delivery through innovative outreach programmes
- Working for the visually impaired
- Working in the areas of Communicable and non-communicable diseases
- Using technology for training, competency evaluation and clinical decision support for medical professionals with a view to improve quality of healthcare

Environment Sustainability

To enable enhanced livelihood and quality of life, promote environment sustainability through various initiatives for:

- Ecological sustainability
- Promoting biodiversity
- Conservation of natural resources
- Maintaining quality of soil, air and water
- Promoting renewable energy
- Developing gardens and river fronts

Protection of national heritage, art and culture

To work towards preserving the rich heritage, arts and culture of India for its future generation and make conscious efforts to ensure its continuity and enhance avenues for livelihoods of traditional artisans and craftsmen. Key initiatives include:

- Working towards protecting and promoting India's art, culture and heritage through various promotional and developmental projects and programmes
- Support and promotion of artists and craftsman
- Promotion and preservation of traditional art and handicraft
- Documenting India's rich heritage for the benefit of future generations

Social Upliftment

GAL also focuses on the upliftment of the society and will undertake the following activities:

- Distribution of free food and clothing to the poor and needy to eradicate malnutrition and improve healthcare
- Establishment, running and maintenance support to orphanages
- Establishment/operation of dharamshalas, resting places and the like for the general convenience
- Promoting gender equality and empowering women

Disaster Response

GAL would strive for timely relief and rehabilitation of communities affected by natural calamities. To strengthen efforts in the area of Disaster Response key initiatives would be

- Building capacities of local communities to respond to disasters
- Developing expertise and resources to respond to disaster

Any other Activities as listed in Schedule VII of the companies Act, 2013.

GAL intends to achieve its CSR objectives in the above thematic areas and would also take up other activities as necessitated by the changed need of time.

REPORTING

The Board will report CSR performance in its annual report as per structure and format prescribed in the notified CSR rules.

AMENDMENTS TO THE POLICY

The Board on its own and/ or as per the recommendations of CSR Committee can amend this Policy as and when deemed fit. Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the Regulations on the subject issued by the relevant statutory authorities from time to time.