

CORPORATE SOCIAL RESPONSIBILITY POLICY

Company's Philosophy:

Company has espoused for itself the philosophy of "Growth, Motivation and a Better Life". This philosophy is the guiding principle for all its activities, whether be it in business or for society in large. Company believes that it not only has a legal obligation to give back to the society what it gets, but there is a societal element too while it moves forward in its path of sustainable growth. Therefore, even before the legal obligation appeared on the anvil and found a place in corporate sphere, it was already ingrained into the Company's value systems whereby SANDHAR FOUNDATION was incorporated as a Trust for undertaking various activities as part of Corporate Social Responsibility since 2010 onwards.

Taking these practices forward, the Company's Co-Chairman and Managing Director, Shri Jayant Davar institutionalized the concept of triple bottom line accountability represented by Economic Success, Environmental Responsibility and Social Commitment.

Objective:-

The focus of the Company's CSR initiatives is on the all-round development of the communities located mostly in rural and remote areas in and around the Company's Manufacturing units.

Operating Mechanism:-

The Company shall carry out the CSR activities in accordance with the provisions set out under Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, which require that at least 2% of the average net profits of the company made during the 3 immediate preceding Financial Years shall be spent in pursuance of the Company's CSR Policy. The operating mechanism to carry out the CSR activities shall be as follows:

1. Taking up the activities as detailed in its focus area directly; or
2. Through its own Registered Trust viz. Sandhar Foundation established by the Company or its holding or subsidiary or associate company under Section 8 of the Companies Act, 2013 or otherwise.

Provided that the Company shall specify the project or programs to be undertaken through this entity, the modalities of utilization of funds on such projects and programs and the monitoring and reporting mechanism.

Covenants:-

1. The CSR projects or programs or activities undertaken in India only shall amount to CSR expenditure.
2. The CSR projects or programs or activities that benefit only the employees of the company and their families shall not be considered as CSR activities.

3. Salaries / Remuneration paid to CSR staff as well as volunteers can be factored into CSR expenditure made by the Company.
4. Contribution of any amount directly or indirectly to any political party, shall not be considered as a CSR activity.
5. The surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of a Company.

Project Identification Mechanism:-

All projects shall be planned in a participatory manner, in consultation with the community, after gauging their basic needs. Subsequently, based on a consensus and in discussion with the village *panchayats*, wherever possible, the Company shall prioritize its requirements. Implementation shall be the responsibility of the community and the Company's team, as would be the monitoring of milestones and the other aspects. Monitoring shall entail physical verification of the progress and the actual output of the project.

Village meetings may be held periodically to elicit feedback on the benefits of the community programmes and to explore the areas where these are needed to be beefed up. The Company would try to steer through the programs, in the initial stages, till the time the projects become sustainable over a period. Once that stage is reached, the Company shall withdraw itself from the operating scene. The aim is to avoid build a culture of dependence and make the community development program self-reliant.

Company's focus Areas/Activities:-

(a) Education:

- i. To undertake, organize and affiliate at different places for undertaking community development services such as adult literacy, computer literacy programmer's vocational training and creation of livelihood opportunities, watershed and sanitation.
- ii. To establish, maintain and run school and render other kinds of financial or other assistance in kind by way of distribution of books, notebooks, cloths, uniforms, meals stipend, medals and other incentives for the poor and indigent students either in India or abroad without any distinction as to caste colour, race, creed or sex or for providing funds for pursuing studies by any deserving student.
- iii. To provide support to recognized School(s)/ Educational Institutions which may include inter-alia modernization of labs, improving infrastructure, replacement of furniture & fixture, renovation of classrooms & toilets etc. and providing clean & safe drinking water by installing RO Systems.
- iv. To establish, run, support and grant aid or other financial assistance to schools, colleges, libraries, reading rooms, universities, laboratories, research and other institutions of the like nature in India for use of the students and the staff and also for the development and advancement of education and diffusion of knowledge amongst the women, elderly and the differently abled.
- v. To create centers of excellences for research and development in the field of technical, vocational and higher education for helping the cause of techno-economic and socio-economic planning and management and/or provide

contribution or funds to technology incubators located within academic institutions which have been approved by the Central Government.

(b) Healthcare:-

- i. To establish dispensary, hospital for providing for quality healthcare services including emergency healthcare services.
- ii. To purchase ambulance/s and other health equipments for expanding health care activities and open healthcare centers for the public at large at different places for the welfare of the society as a whole.
- iii. To support various medical initiatives aimed at reducing mortality rate of children.
- iv. To conduct regular health checkups for children in schools of neighboring regions.
- v. To undertake other initiatives for eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water.

(c) Environment:-

- i. Support a precautionary approach to environmental challenges and work under framework/policies such as IT E-Waste Policy.
- ii. Undertake initiative to promote greater environmental responsibility.
- iii. Tree plantation at and all across the plant and in front of the factory area in approved public land to create forest / green belt.
- iv. To create awareness of cleaner, greener environment and global warming issues at schools and also at villages from the surrounding region.
- v. Other initiatives for ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water.

(d) Community Service:-

- i. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizen and measures for reducing inequalities faced by socially and economically backward groups.
- ii. Measures for the benefit of armed forces veterans, war widows and their dependents.

(e) Promotion of sports:-

To promote rural sports, nationally recognized sports, paralympic sports and Olympic sports.

(f) Other initiatives:-

- i. 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.
- ii. 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.
- iii. Rural development projects.
- iv. Any other activity(ies) / requirement arising from time to time & covered under the Schedule VII of the Companies Act, 2013 or as may be provided by the rules in this regard.

Review Mechanism:-**(a) CSR Committee**

- i. To review the policy once in a year by or before the 30th September.
- ii. Recommend activities and the amount of expenditure to be incurred.
- iii. To review the quarterly report on CSR activities and the expenditure thereon.
- iv. Place the Review Report on utilization of funds before the Board of Directors.

(b) Board of Directors

- i. Ensure proper compliance of the Policy.
- ii. To review the CSR initiatives and utilization of funds towards the same.
- iii. Report annually the composition of the CSR Committee and the contents of this policy along with other information(s) as may be prescribed under the CSR Rules (as amended from time to time).

Display:-

The CSR policy of the Company shall be displayed on the Company's website and intranet.

Dated: 19th August, 2014