

BUSINESS RESPONSIBILITY REPORT

(See Regulation 34 (2) (f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2015 read with SEBI circular dated 04th November, 2015 and its amendment dated 22nd December, 2015 had mandated that the annual report of top 500 listed companies should include a Business Responsibility Report (BRR) in the format prescribed by SEBI. Since Gujarat Fluorochemicals Limited (hereinafter referred to as GFL or the Company) is a part of top 500 listed companies (based on market capitalisation as on 31st March, 2018) as per the list hosted on the websites of the BSE and NSE, it is required to publish a BRR in its Annual Report for Financial Year 2017-18. This report is in line with 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' (NVGs), as released by the Ministry of Corporate Affairs in July 2011.

The BRR of the Company in the format prescribed at Annexure I of the said SEBI circular is given hereunder and it describes initiatives taken by the Company during the Financial Year 2017-18:

| Section A General Information about the Company | | |
|--|--|---|
| 1 | Corporate Identification Number | L24110GJ1987PLC009362 |
| 2 | Name of the Company | Gujarat Fluorochemicals Limited |
| 3 | Registered Address | Survey Number 16/3, 26 and 27, Ranjitnagar - 389380, Taluka Ghoghamba, District Panchmahal, Gujarat |
| 4 | Website | www.gfl.co.in |
| 5 | Email Address | contact@gfl.co.in |
| 6 | Financial year reported | 2017-18 |
| 7 | Sector(s) that the Company is engaged in | Refrigerant Gases - 24111 Caustic Soda (Caustic Soda Lye & Flakes) - 24111 Chloromethanes - 24111 (Methylene Chloride and Carbon Tetrachloride) Poly Tetrafluoroethylene (PTFE) - 24111 |
| 8 | 3 key products/services manufactured/ provided by the Company | Refrigerant gases, Caustic Soda (Lye & Flakes), Chloromethane, Poly Tetrafluoroethylene (PTFE) |
| 9 | Total number of locations where business activity is undertaken by the Company | |
| | a Number of International Locations (Provide details of major 5) | 1) Gujarat Fluorochemicals Americas LLC 2) Gujarat Fluorochemicals Singapore Pte Ltd; 3) Gujarat Fluorochemicals GmbH; 4) GFL GM Fluorspar SA |
| | b Number of National Locations | 8 Plants - Dahej and Ranjitnagar Branch Offices - Vadodara, Mumbai, Delhi, Chennai and Thane Corporate Office - Noida |
| 10 | Markets served by the Company | National & International |
| Section B Financial details of the Company | | |
| 1 | Paid up capital (INR) | 1098.50 Lakhs |
| 2 | Total turnover (INR) | 2,08,431 Lakhs |
| 3 | Total profit after tax (INR) | 48,731 Lakhs |
| 4 | Total spending on CSR as percentage of PAT (%) | 0.20 |
| 5 | List of the activities in which expenditure in 4 above has been incurred | Health care, Education, Protection of Art, Vocational skills, Rural Development etc |
| Section C Other details | | |
| 1 | Does the Company have any Subsidiary Company/ Companies? | Yes |
| 2 | Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s) | No |
| 3 | Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%] | No |

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| Section D | | BR information | | |
|-----------|--|----------------------------|-------------------------|---|
| 1 | Details of Director(s) responsible for BR | | | |
| | (a) Details of the Director/Directors responsible for implementation of the BR policy/policies | | | |
| | 1 | DIN Number | 00029782 | 00029968 |
| | 2 | Name | Devendra Kumar Jain | Vivek Jain |
| | 3 | Designation | Chairman | Managing Director |
| | | | | Director and Group Head (Corporate Finance) |
| | (b) Details of the BR head: | | | |
| | 1 | DIN Number (if applicable) | 07167198 | 00050740 |
| | 2 | Name | Anand Bhusari -Dahej | Dinesh Kumar Sachdeva-Ranjitnagar |
| | 3 | Designation | Whole-time Director | Whole-time Director |
| | 4 | Telephone number | 02641-618060 | 02678-248127 |
| | 5 | e-mail id | anand.bhusari@gfl.co.in | dk Sachdeva@gfl.co.in |

2. Principle-wise (as per NVGs) BR policy/policies
a) Details of compliance (Reply in Y/N)

| No. | Questions | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 |
|-----|--|-----|----------------|-----|-----|-----|----------------|-----|-----|---------|
| 1. | Do you have a policy/policies for.... | Y | Y | N | Y | N | Y | N | Y | Y |
| 2. | Has the policy being formulated in consultation with the relevant stakeholders? | Y | Y | | Y | | Y | | Y | Y |
| 3. | Does the policy conform to any national /international standards? If yes, specify? (50 words) | Y | Y (ISO, OHSAS) | | Y | | Y (ISO, OHSAS) | | Y | Y (ISO) |
| 4. | Has the policy being approved by the Board? | Y | Y | | Y | | Y | | Y | Y |
| | If yes, has it been signed by MD/ owner/CEO/appropriate Board of Director? | Y | Y | | Y | | Y | | Y | Y |
| 5. | Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy? | Y | Y | | Y | | Y | | Y | Y |
| 6. | Indicate the link for the policy to be viewed online? | # | # | | # | | # | | # | # |
| 7. | Has the policy been formally communicated to all relevant internal and external stakeholders? | Y | Y | | Y | | Y | | Y | Y |
| 8. | Does the company have in-house structure to implement the policy/ policies? | Y | Y | | Y | | Y | | Y | Y |
| 9. | Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies? | N | N | | N | | N | | N | N |
| 10. | Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency? | N | N | | N | | N | | N | N |

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- b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

| No. | Questions | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 |
|-----|---|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 1. | The company has not understood the Principles | | | | | | | | | |
| 2. | The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles | | | | | | | | | |
| 3. | The company does not have financial or manpower resources available for the task | | | | | | | | | |
| 4. | It is planned to be done within next 6 months | | | | | | | | | |
| 5. | It is planned to be done within the next 1 year | | | | | | | | | |
| 6. | Any other reason (please specify) | | | 1 | | 1 | | 2 | | |

- 1) While the Company does not have a specific policy for this principle, it has an HR Operations Manual that provides guidance for governing various aspects related to its employees, including employee grievance redressal.
- 2) As a business which is not actively involved in any kind of advocacy activity, the Company does not find itself at a stage where it is in a position to formulate and implement relevant policy.

| 3. Governance related to BR: | | |
|------------------------------|---|--|
| a) | Indicate frequency with which the Board of Directors, Committees of the Board or CEO to assess the BR performance of the Company. | The business responsibility performance of the Company is assessed annually by the BRR Committee constituted by the Board of Directors of the Company at its meeting held on 16 th May, 2016. |
| b) | Does the Company publish BR or Sustainability Report? What is hyperlink of viewing this report? How frequently it is published? | BRR of Financial Year 2017-18 is placed on the website of the Company: www.gfl.co.in |

Section E Principle –wise performance

Certain key principles to assess fulfilment of the requirement by the Company and a description of core elements under the principles as detailed in Annexure II of the referred SEBI circular are narrated below:

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

GFL has formulated a Code of Conduct (CoC) to ensure that the business of the Company is conducted in accordance with the highest standards of ethics and values, while complying with the applicable laws and regulations. The CoC encourages each and every Director and Officer of the Company to act in accordance with the highest standards of personal and professional integrity, honesty and ethical conduct while working at the Company’s premises, at offsite locations, at the Company’s sponsored business and social events, and / or at any other place where they represent the Company. Any instance of non-compliance of any of the provisions of the CoC is treated as a breach of ethical conduct and is viewed seriously by the Company. The Company also has a Whistle Blower Policy which is a mechanism to reinforce implementation of the Company’s CoC which encourages each and every Director and officer of the Company to take positive actions which not only commensurate with the Company’s belief but are also perceived to be so. This Policy provides all employees and Directors of the Company and its subsidiaries a mechanism to report improper acts and provides adequate safeguards against victimization.

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

Yes, the policy relating to ethics, bribery and corruption covers the Company and its Subsidiary Companies (refer to para 1 a of Whistle Blower Policy for subsidiary companies).
2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

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During the Financial Year 2017-18, the Company had received 26 complaints from its investors related to non-receipt of dividend; shares etc. and all the 26 complaints were resolved.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

The Integrated Management Systems Policy for the Ranjitnagar plant and the Policies for Quality and Environment, Health & Safety for the Dahej plant are the Company's guiding documents for protection of environment and ensuring safety of its employees. These policies demonstrate the Company's commitment towards Improving its Environmental, Health and Safety performance in a continual manner.

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.
 - a. AHCI: The design of AHCI cylinders has incorporated safety measures that ensure no leakage occurs during transportation. Also, a special cage has been designed for the cylinders so that they do not get damaged in case of any accident.
 - b. AHF storage facility: As hydrogen fluoride is a health hazard, an automatic sprinkler system has been installed around AHF bullets to prevent it from spreading, in case of any leakage.
 - c. R-22: The R-22 production process is designed in such a way that it eliminates organic effluents by recycling them.

In addition to these, regular safety trainings are conducted for all the drivers. Also, there is an established procedure for pre-loading inspection of all containers, racks and vehicles used to transport the chemicals.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):
 - a. Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

Atmospheric emission of Volatile Organic Components is being continuously monitored to be well within the limit specified by GPCB.
 - b. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

While GFL manufactures products that are not directly used by end consumers but are used as raw materials in the production of other goods, it makes continuous efforts to improve the environmental attributes of its products.

3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof in 50 words or so.

The Company has proper procedures in place for sustainable sourcing and procures more than 75% of inputs directly from the manufacturer. The Company continuously re-designs its activities to better manage the procurement process and works closely with its suppliers. To decrease the fuel consumption and emissions due to transportation, GFL is gradually shifting to 20-30 MT capacity vehicles from 10-16 MT ones. Also, the import consignments are now being received at nearer ports like Dahej and Hazira, instead of distant ones like Kandla and Mumbai.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Yes, at the Ranjitnagar plant, services are being procured from local producers/ contractors for construction of new projects. At the Dahej plant, the Company has taken a lead in helping a local vendor set up a drum manufacturing unit which supplies drums to various industrial plants in the area.

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- Does the company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

The Ranjitnagar plant is a zero effluent discharge plant where around 90% of the wastewater is recycled. This has been achieved by installation of Single Effect Evaporator (SEE) and Multiple Effect Evaporator (MEE). The plant also turns all of its canteen waste to compost, thereby reducing the burden on landfill sites. The Dahej plant has a well-developed Environment Management Plan (EMP) in place which mainly focusses on reduction, reuse and recycling of resources. This plant also has well defined targets for reduction of water usage and to achieve these targets, a water recycling plan has been implemented within each area in the plant.

Principle 3: Businesses should promote the well-being of all employees

The Company has an HR Operations Manual that provides guidance and policies for governing various aspects related to its employees. It includes guidelines on employee evaluation and performance management, training and development, employee/contractor grievance redressal and employee relationship management. It also includes guidelines on prevention, prohibition and redressal of sexual harassment of women at workplace.

- Please indicate the Total number of employees.
The Company has a total of 1912 employees.
- Please indicate the total number of employees hired on temporary/contractual/casual basis.
A total of 1541 employees have been hired on temporary/contractual/casual basis.
- Please indicate the Number of permanent women employees.
The Company has 35 permanent women employees.
- Please indicate the Number of permanent employees with disabilities
The Company has 4 permanent employees with disabilities.
- Do you have an employee association that is recognized by management?
The Company does not have any employee association recognized by its management.
- What percentage of your permanent employees is members of this recognized employee association?
Not applicable since the Company does not have a recognized employee association.
- Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

| S. No. | Category | No of complaints filed during the financial year | No of complaints pending as on end of the financial year |
|--------|---|--|--|
| 1. | Child labour / forced labour / involuntary labour | Nil | Nil |
| 2. | Sexual harassment | Nil | Nil |
| 3. | Discriminatory employment | Nil | Nil |

- What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

| | |
|--|--|
| Permanent Employees | Safety - 100 %; Skill Upgradation - 85% |
| Permanent Women Employees | Safety - 100 %; Skill Upgradation - 70 % |
| Casual/Temporary/Contractual Employees | Safety - 100 %; Skill Upgradation - 85% |
| Employees with Disabilities | Safety - 100 %; Skill Upgradation - 50% |

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

The Company has a Corporate Social Responsibility (CSR) Policy, which is guided by the philosophy of GFL and delineates its responsibility as a responsible corporate citizen. The CSR Policy of the Company lays down the guidelines and mechanism to undertake programmes for social welfare and sustainable development of the community at large. The objective of the Policy is to enhance value creation by the Company in the communities in which it operates, through its services, conduct and initiatives, so as to promote sustained growth for the society and community. The Company ensures that its business is conducted in an economically, socially and environmentally sustainable manner, while recognising the interests of all its stakeholders.

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1. Has the company mapped its internal and external stakeholders? Yes/No
GFL takes into account the wellbeing of all individuals directly or indirectly associated with it, though a formal mapping of the internal and external stakeholders has not been conducted.
2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?
While there has not been any formal identification of the disadvantaged stakeholders, the Company's primary welfare activities are focussed on children, women, elderly, the differently abled, farmers, and socially & economically backward groups in the communities in the areas surrounding the Company's operations.
3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof in 50 words or so.

Some of the initiatives undertaken by the Company include:

- Financial assistance to students from poor families for covering education related expenses.
- Honorary payment to government school teachers in the absence of sanctioned grant from the government.
- Support to development of social infrastructure in neighbouring villages in order to provide access to better education and health facilities to the local populace.
- Financial assistance to poor patients and provision of Mobile Medical Unit to the locals.

Principle 5: Businesses should respect and promote human rights

The HR Operations Manual of the Company contains detailed guidelines in relation to the process and approach for raising and resolving staff grievances. These might include cases of unfair, unlawful, unjust or discriminatory act or situation. It also contains provisions for protection of the complainant from victimization.

1. Does the policy of the company on human rights cover only the company or extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?
The policy extends to Contract Labour, Vendors and all other stakeholders.
2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?
No stakeholder complaint has been received in the past financial year and none are pending as on 31st March 2018.

Principle 6: Business should respect, protect, and make efforts to restore the environment

The Integrated Management Systems Policy for the Ranjitnagar plant and the policies for Quality and Environment, Health & Safety for the Dahej plant are GFL's guiding documents for protection of the environment and ensuring safety of its employees. These policies demonstrate the Company's commitment towards Improving its Environmental, Health and Safety performance in a continual manner.

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/others.
While the policy only covers its own operations, the Company, encourages its suppliers to adopt environment friendly practices in their operations.
2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.
In its effort to do its bit towards fighting climate change, GFL has adopted a number of initiatives to increase its energy efficiency, thereby reducing its carbon emissions.
3. Does the company identify and assess potential environmental risks? Y/N
Yes, the Dahej plant regularly conducts risk assessment to identify risks related to environment and safety. To this end, the plant has a well-defined Management of Change (MOC) procedure and HIRA & HAZOP processes. These procedures ensure that environmental risks are identified and addressed on a timely basis.

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4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?
No, the Company currently does not have any project related to Clean Development Mechanism.
5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.
The Company has undertaken a number of energy efficiency initiatives like installation of variable frequency drives and LEDs, which decrease electricity consumption. At the Ranjitnagar plant, a co-generation plant has been installed to increase efficiency of the power plant to about 80%, by the usage of waste heat from exhaust gas and jacket water. This plant has also installed a groundwater recharge system that includes filter modules for removing suspended solids and total dissolved solids from the water. This system enables the replenishment of almost 450 m³ water each year. Besides these initiatives, the Company's Dahej plant procures renewable power generated by wind turbines.
6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?
Yes, the Emissions/Waste generated by the company are within the permissible limits given by CPCB/SPCB for FY 2017-18.
7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.
No show cause/ legal notices from CPCB/SPCB are pending as on 31st March 2018.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

As a business which is not actively involved in any kind of advocacy activity, the Company does not find itself at a stage where it is in a position to formulate and implement relevant policy. However, it will continue to assess the evolving business and regulatory environment in future in this regard.

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with.

The Company is a member of the following trade associations:

- Federation of Indian Chamber of Commerce and Industries
- Baroda Management Association
- Federation of Gujarat Industries

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)
No, the Company has not advocated/lobbied through the above associations.

Principle 8: Businesses should support inclusive growth and equitable development

The CSR policy of GFL aims to enhance value creation in the society and in the community in which it operates. It aims to promote sustained growth for the society and community, in fulfilment of its role as a socially responsible corporate.

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof

Some of the CSR programmes of the Company are:

- Maintenance of Balwadis
- Financial support for development of infrastructure in local schools
- Monetary help for setting up a Health Centre
- Empanelment of a renowned agricultural expert to impart agricultural know-how to the nearby villagers, which will enable them to increase their productivity.

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2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?
The programmes are undertaken through in-house teams as well as through NGOs.
3. Have you done any impact assessment of your initiative?
The Company follows a systematic five step approach towards releasing funds for a project. The fifth step in this process includes a provision for seeking information regarding the impact of money spent, on the life of the beneficiary.
4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken: Rs 97.50 lakhs. Details of projects undertaken is given in the Board's Report.
5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words or so.
The Company regularly engages with the local communities in the areas surrounding its plants, since they are the prime and direct beneficiaries of its welfare activities. Through these interactions it ensures that its CSR initiatives are adopted by the local community and fulfil the needs of the target population.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

The Integrated Management Systems Policy for the Ranjitnagar plant and the Quality Policy for the Dahej plant enable the Company's employees to adhere to set Quality Standards in all products and services. The objective of these policies is to guide employees in providing quality products to the customers in a stipulated time frame. This can be achieved by incorporating customer feedback and improving on a continual basis.

1. What percentage of customer complaints/ consumer cases are pending as on the end of financial year.
Less than 2 % of customer complaints are pending as on 31st March 2018.
2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks(additional information)
The Company displays all product information on the product label as mandated by the local laws.
3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

There was no pending stakeholder complaint against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour as on 31st March 2018.
4. Did your company carry out any consumer survey/ consumer satisfaction trends?
The Company conducts an annual customer satisfaction survey for all its customers in India and abroad. The outcome of this survey helps the Company in identifying steps to further improve its performance.