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DRAFT OF CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY OF ARGL LIMITED

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CSR Initiative



1. INTRODUCTION

ARGL Limited (hereinafter referred to as “ARGL”) firmly believes that businesses derive their primary benefits from operating in society and no business can function without caring for societal and community development and it is duty of every industry to contribute in the upliftment of the people in the communities. CSR has always been the core value and culture of ARGL. It is committed to be a responsible corporate citizen and it leaves no stone unturned to give back to the society and make a positive impact in the community in all possible manners. Towards its social duty, ARGL routinely conducts programs on cleanliness, hygiene and safety and it also support villages around its establishment(s) with plantation drives.

CSR for ARGL simply means continuous commitment to behave ethically and contribute to economic development while improving the quality of life of the local community and society at large. ARGL has been involved with several initiatives, actively pursuing and endorsing community improvement efforts in varying capacities. ARGL also encourages its staff members to actively follow, understand and contribute to social causes, to remove indisputable social and developmental lacunae and to promote self and community development.

ARGL as an organization truly believes in this concept and will support the same by making this policy of CSR (the “Policy”).

2. PURPOSE

The purpose of this Policy is to:

- a) Outline the areas in which ARGL shall get involved in through its CSR activities;
- b) Develop a long-term vision and strategy for CSR;
- c) Documenting the CSR activities to be undertaken, in line with Schedule VII of the Companies Act, 2013;
- d) Establish process and mechanism for the implementation and monitoring of the CSR activities;
- e) Define governance structure for CSR management.

3. CSR COMMITTEE COMPOSITION

The Board of Directors of ARGL shall constitute a CSR Committee which shall be called the Corporate Social Responsibility Committee (“CSR Committee”). The CSR Committee shall elect from among them a Chairman of the CSR Committee and the Company Secretary of the Company shall be the Secretary of the CSR Committee.

The current composition of the CSR Committee is as per Appendix 1.

4. CSR COMMITTEE MEETINGS

The CSR Committee can meet as often as they deem fit to carry the duties and responsibilities but not less than 2 (Two) committee meetings in a financial year and the quorum of the meeting be one-third of its total strength or two members, whichever is higher.

5. DUTIES & RESPONSIBILITIES OF CSR COMMITTEE

The CSR Committee shall:

- a) Formulate, review and recommend to the Board the CSR activities/programs with due diligence. Prepare the CSR Expenditure as described below to be incurred on such activities to be undertaken by ARGL as per Schedule VII of Companies Act, 2013. The CSR activities may be revised in line with any amendments/inclusions made to Schedule VII of the Companies Act, 2013.
- b) Effectively monitor the execution of the CSR activities and prepare an annual report of the CSR activities undertaken and submit such report to the Board.
- c) Reviewing with the CSR management, the quarterly financial statements before submission to the Board for approval.
- d) Recommend the amount of expenditure to be incurred on CSR projects/activities undertaken.
- e) To constitute a Management Committee for the implementation and execution of CSR initiatives/ activities, if it deem necessary.
- f) Reviewing the performance of ARGL in the areas of CSR.
- g) Submit Annual Report of CSR projects/activities to the Board.
- h) Monitoring CSR Policy from time to time.

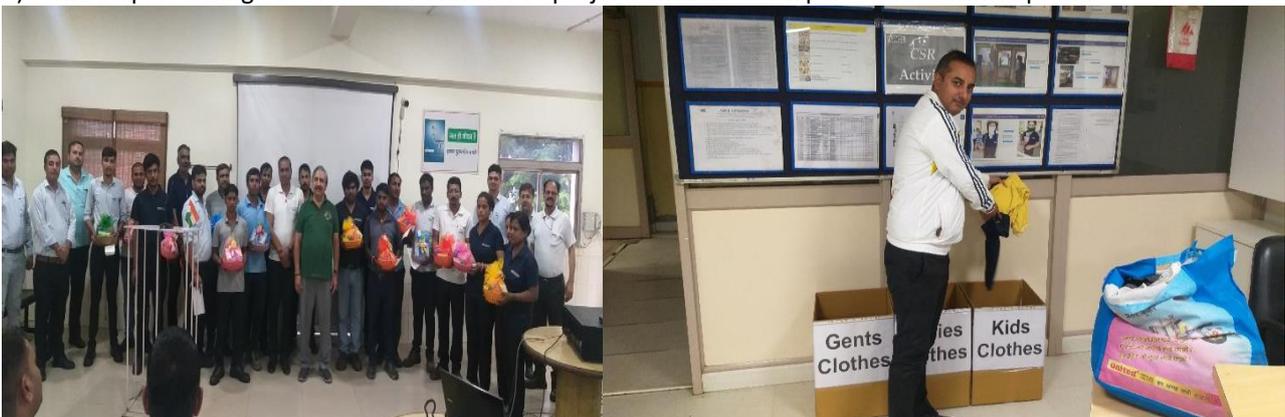
6. RESPONSIBILITY OF BOARD

For CSR, the Board shall be responsible to :

- a) Approve the CSR Policy and the CSR Expenditure after taking into consideration the recommendations made by the CSR Committee. Ensure the CSR spending every financial year of at least 2% of average net profits made during immediately preceding 3 financial years, in pursuance with the CSR Policy.
- b) Ensure that CSR activities included in the CSR Policy are that such activities are related to the activities specified in Schedule VII of the Companies Act, 2013.
- c) Ensure disclosure of the contents of the CSR Policy on the Company's website.
- d) Directors' Report shall include :
 - i. Contents of the CSR Policy and Composition of the CSR Committee;
 - ii. An annual report on the CSR in the prescribed format; and
 - iii. Reasons for failure (if any) to spend required amount on CSR activities.

7. CSR BUDGET AND EXPENDITURE

- a) In each financial year that reaches the thresholds under the Companies Act, 2013, ARGL shall spend a minimum of 2% of its average net profits in the immediately preceding three (3) financial years. Average net profits shall mean the net profits calculated as per the Profit & Loss Statement prepared in accordance with the applicable provisions of the Companies Act, 2013.
- b) CSR Expenditure shall mean all expenditure incurred in respect of specific projects/programs relating to the approved CSR activities and shall not include expenditure on an item not in conformity or not in line with activities which fall within the purview of the CSR activities listed in Schedule VII of the Companies Act, 2013.
- c) CSR Expenditure shall not include projects or programs or activities undertaken outside India.
- d) The surplus arising out of the CSR activities or projects shall not form part of the business profit.



8. IMPLEMENTING CSR ACTIVITIES

- a) The day-to-day implementation and execution of the CSR activities/projects shall be entrusted to the CSR Committee.
- b) ARGL will as per current Schedule VII of the Companies Act, 2013, may undertake any of the following activities in project/ program mode as its CSR activities. However amendments to the following activities can be made as and when deemed appropriate by the CSR Committee.

- (i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to Swach Bharat Kosh set up by Central Government for the promotion of sanitation and making available safe drinking water;

- (ii) Promotion of education; including special education and employment enhancing vocation skills especially among children, woman, elderly and the differently abled and livelihood enhancement projects;

- (iii) Promoting gender equality and 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 of quality of soil, air and water including providing solar power to the people of rural area;

- (v) Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;

- (vi) Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government

- (vii) Rural development projects; or

- (viii) Slum area development.

- c) ARGL will prefer to discharge its CSR obligations in the vicinity of its offices, factories and installations. The focus would be to take CSR initiatives in the communities, ranging from those villages/towns/cities around its offices at various geographical locations in India.
- d) Before the end of each financial year, the CSR Committee shall set out the details of the specific project of expenditure, the amount of expenditure and the modalities of execution whenever the profits are available with ARGL.
- e) ARGL actively encourages its employees to volunteer for/participate in social causes. Employees are free to offer suggestions and pass on recommendations as well as be a part of related activities in the short-listed focus areas, under ARGL's CSR Policy. ARGL will make all efforts to engage its employees to participate in and promote the causes that it endorses, under its CSR outreach, across all its locations & business center(s).

9. PARTNERING WITH TRUST/SOCIETY ETC.

ARGL may undertake its CSR activities duly approved by CSR Committee, itself or partner with eligible trust(s) / society(ies) or company established under Section 8 of the Companies Act, 2013 etc.

10. CSR REPORTING

- a) The Board in its Annual Report shall include the details of the CSR activities undertaken in the financial year. The particulars to be stated in the report shall be in the format prescribed in the statutory CSR Rules, as may be amended from time to time.
- b) The CSR Committee shall provide a responsibility statement on the implementation and monitoring of the CSR Policy and such statement is in compliance with CSR objectives which statement shall form part of the Boards' Report.

11. MONITORING BY THE BOARD

The Board of Directors shall constantly monitor the implementation of the CSR activities. The CSR committee shall place a progress report, including details of expenses, before the Board as and when required. The Board shall review the same and suggest recommendation, if any, to the committee with regard to implementation process.

12. IMPACT ASSESSMENT

In the event of ARGL's average CSR obligation exceed the statutory threshold limit, then ARGL shall undertake impact assessment, through an independent agency, of their CSR projects. The impact assessment reports shall be placed before the Board and shall be annexed to the Annual Report on CSR.

13. POLICY SUBJECT TO THE ACT AND RULES

All the provisions of this Policy shall be subject to the relevant provisions of the Companies Act, 2013 and Rules made thereunder, including Schedule VII and amendments thereto from time to time.

14. POLICY REVIEW AND FUTURE AMENDMENTS

The CSR Committee shall annually review its CSR Policy from time to time and make suitable changes as may be required and submit the same for the approval of the Board. Further, the Board of Directors may on its own or in consideration of the recommendations of the CSR Committee may amend this Policy, as and when required.

Constitution of CSR Committee*:

1. Mr. Rakesh Darbari – Member (Director of Argl Ltd.)
2. Mr. Nirav Shah – Member (Director of Argl Ltd.)
3. Mr. Kuriakose Varghese – Member (Independent Director of Argl Ltd.)

Ms. Chakshu Syal – Secretary (Company Secretary of the Argl Ltd.)

*[*the composition of CSR Committee may be changed by Board of Directors as and when required]*