

Munitions India Limited (MIL)
Corporate Social Responsibility (CSR) Manual

- 1) Corporate Social Responsibility (CSR) means the activities undertaken by MIL in pursuance of its statutory obligation laid down in section 135 of the Companies Act, 2013 but shall not include the following, namely:-
 - i. activities undertaken in pursuance of normal course of business of MIL.
 - ii. any activity undertaken by MIL outside India except for training of India sports personnel representing any State or Union territory at national level or India at international level.
 - iii. contribution of any amount directly or indirectly to any political party under section 182 of the Companies Act, 2013.
 - iv. activities benefitting employees of MIL as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019).
 - v. activities supported by MIL on sponsorship basis for deriving marketing benefits for its products or services.
 - vi. activities carried out for fulfilment of any other statutory obligations under any law in force in India.
- 2) The CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy, which shall include the following, namely:-
 - a) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Companies Act, 2013.
 - b) the manner of execution of such projects or programmes.
 - c) the modalities of utilization of funds and implementation schedules for the projects or programmes.
 - d) monitoring and reporting mechanism for the projects or programme and
 - e) details of need and impact assessment, if any, for the projects undertaken by MIL.

Provided that Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.

- 3) The Board of Directors shall ensure that MIL spends in every financial year, at least two per cent of the average net profits (Net profit means the net profit of MIL as per its financial statement prepared in accordance with the applicable provisions of the Companies Act, 2013, 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 Companies Act, 2013) of MIL made during the three immediately preceding financial years or where MIL has not completed the period of three financial years since its incorporation, during such immediately preceding financial years in pursuance of its Corporate Social Responsibility Policy.

Provided that MIL shall give preference to the local area and areas around it where it operates for spending the amount earmarked for Corporate Social Responsibility activities.

Provided further that if MIL fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134 of the Companies Act, 2013 specify the reasons for not spending the amount and unless the unspent amount relates to any ongoing project referred to in sub-section (6) of Section 135 of the Companies Act, 2013, transfer such unspent amount to a Fund specified in Schedule VII of the Companies Act, 2013 within a period of six months of the expiry of the financial year.

Provided also that if MIL spends an amount in excess of the requirements provided under this sub-section, MIL may set off excess amount against the requirement to spend under this sub-section for such number succeeding financial years and, in such manner, as may be prescribed.

- 4) Any amount remaining unspent under sub-section (5) of Section 135 of the Companies Act, 2013, pursuant to any ongoing project, (Ongoing Project means a multi-year project undertaken by MIL in fulfilment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced, and shall include such project that was initially not approved as multi-year project but whose duration has been extended beyond one year by the board based on reasonable justification) fulfilling such conditions as may be prescribed, undertaken by MIL in pursuance of its Corporate Social Responsibility Policy, shall be transferred by MIL within a period of thirty days from the end of the financial year to a special account to be opened by MIL in that behalf for that financial year in any scheduled bank to be called the unspent Corporate Social Responsibility Account, and such amount shall be spent by MIL in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of three financial years from the date of such transfer, failing which, MIL shall transfer the same to a Fund specified in Schedule VII of the Companies Act, 2013 within a period of thirty days from the date of completion of the third financial year.

5) **CSR Implementation**

- i. The Board shall ensure that the CSR activities are undertaken by MIL itself or through
 - a) a company established under section 8 of the Companies Act, 2013 or a registered public trust or a registered society, exempted under sub-clauses (iv), (v) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961 (43 of 1961), established by MIL, either singly or along with any other company or
 - b) a company established under section 8 of the Companies Act, 2013 or a registered trust or a registered society, established by the Central Government or State Government or

- c) any entity established under an Act of Parliament or a State legislature or
- d) a company established under section 8 of the Companies Act, 2013 or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 registered under section 12A and approved under 80G of the Income Tax Act, 1961 and having an established track record of at least three years in undertaking similar activities.

Explanation- For the purpose of clause (c), the term “entity” shall mean a statutory body constituted under an Act of Parliament or State legislature to undertake activities covered in Schedule VII of the Companies Act, 2013.

- ii. (a) Every entity, covered under sub-rule (1), who intends to undertake any CSR activity, shall register itself with the Central Government by filing the form CSR-1 electronically with Registrar, with effect from the **01st day of April 2021**.

Provided that the provisions of this sub-rule shall not affect the CSR projects or programme approved prior to the **01st day of April 2021**.

- b) Form CSR-1 shall be signed and submitted electronically by the entity and shall be verified digitally by a Chartered Account in practice or Company Secretary in practice or a Cost Accountant in practice.
- c) On the submission of the Form CSR-1 on the portal, a unique CSR Registration Number shall be generated by the system automatically.
- iii. MIL may engage international organization for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy as well as for capacity building of their own personnel for CSR.
- iv. MIL may also collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR committee of respective companies are in a position to report separately on such projects or programme in accordance with these rules.
- v. The Board of MIL shall satisfy itself that the funds so disbursed have been utilized for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.
- vi. In case of ongoing project, the Board of MIL shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.

6) CSR Expenditure

- 1. Administrative overheads means the expenses incurred by MIL for ‘general management and administration’ of Corporate Social Responsibility functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring and evaluation of a particular Corporate Social Responsibility project or programmes. The board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of MIL for the financial year.

2. Any surplus arising out of the CSR activities shall not from part of the business profit of MIL and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of MIL or transfer such surplus amount to a Fund specified in Schedule VII of the Companies Act, 2013 within a period of six months of the expiry of the financial year.
3. Where MIL spends an amount in excess of requirement provided under sub-section (5) of section 135 of the Companies Act, 2013, such excess amount may be set off against the requirement to spend under sub-section (5) of section 135 of the Companies Act, 2013 up to immediate succeeding three financial years subject to the condition that
 - i. the excess amount available for set off shall include the surplus arising out of the CSR activities, if any, in pursuance to point (2) mentioned above.
 - ii. The Board of MIL shall pass a resolution to that effect.
4. The CSR amount may be spent by MIL for creation or acquisition of a capital asset, which shall be held by-
 - a) a company established under section 8 of the Companies Act, 2013 or a Registered Public Trust of Registered Society, having charitable objects and CSR Registration Number under sub-rule (2) of rule 4 or
 - b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities or
 - c) a public authority.

7) CSR Reporting

- i. The Board's Report of MIL pertaining to any financial year shall include an annual report on CSR containing particulars specified in Annexure-I or Annexure-II, as applicable.
- ii.(a) If MIL have average CSR obligation to ten crore rupees or more than in pursuance of sub section (5) of section 135 of the Companies Act, 2013 in the three immediately preceding financial years, shall undertake impact assessment, through an independent agency, of their CSR projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study.
- b) The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.
- c) If MIL undertake impact assessment may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed two per cent of the total CSR expenditure for the financial year or fifty lakh rupees, whichever is higher.

8) Display of CSR activities on MIL website

The Board of Directors of MIL shall mandatorily disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on MIL website for public access.

9) Transfer of unspent CSR amount

Until a fund is specified in Schedule VII of the Companies Act, 2013 for the purposes of subsection (5) and (6) of section 135 of the Companies Act, 2013, the unspent CSR amount, if any, shall be transferred by MIL to any fund included in schedule VII of the Companies Act, 2013.