



CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

OF

MUNJAL KIRIU INDUSTRIES PVT. LTD.

**[IN TERMS OF SECTION 135 OF THE COMPANIES ACT, 2013 READ WITH COMPANIES
(CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014]**

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1. INTRODUCTION

The Concept of Corporate Social Responsibility (“CSR”) has become a vital element of the modern world. The contemporary views of the Corporate Sector suggests it believes that efforts of Government alone are not enough to get success in its endeavour to uplift the down trodden Society and hence there it has catapulted its contribution towards the society considering the same its responsibility. Moreover, the Government realizing the above fact, hence introduced and enforced legislations, which provide for obligations of Corporate Sector in the areas of CSR. With the rapidly changing corporate and regulatory environment, advent of more functional autonomy, operational freedom etc., the Company has adopted CSR as a strategic tool for sustainable growth. For the Company in the present context, CSR means not only investment of funds for social activities, but also integration of Business Processes with Social Processes.

2. MKI’S PHILOSOPHY

Munjali Kiri Industries Private Limited having registered office at Plot No. 192, Sector-4, Phase-II, IMT Manesar, Gurugram-122050, Haryana, (‘hereinafter termed as ‘MKI or the Company’) incorporated in 2007. MKI, in conjunction with the objects for which it has been incorporated and is operating, aims to enrich the society and drive sustainable economic growth. MKI strives for the betterment of the society in all spheres, as it believes that along with sustained economic performance, environment and social stewardship is also a key factor for holistic business growth.

The Company’s business has profound impact on the people living in and around the areas where the Company is established. The obvious impact of the introduction of any commercial activity in an area changes the traditional lifestyle of the original inhabitants and indigenous communities, which further change the socio-economic profile of the area. Hence, primary beneficiaries of the Company’s CSR initiatives should be those staying in the vicinity of the Company. Poor, needy and illiterate section of the society living in different parts of India should be second beneficiaries.

3. OBJECTIVES

The main objective of MKI’s CSR Policy is to lay down guidelines/principles for selection, implementation and monitoring of activities as well as formulation of annual action plan for the Company to make CSR its key business process for sustainable development for the society where the Company operates and to comply with the provisions of the Companies Act, 2013, read with rules made there under. It aims at supplementing the role of Government in enhancing welfare measures of the society based on immediate and long-term social and environmental consequences of the Company’s activities.

4. CSR ACTIVITIES

The Company proposes to undertake/may select any of the following activities as its Corporate Social Responsibility activities:

1. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.
2. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
3. Promoting gender equality, 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.
4. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.
5. 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 art and handicrafts;
6. Measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows.
7. Training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports.
8. Contribution to the prime minister's national relief fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;
9. (a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and
(b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).

10. Rural development projects.

11. Slum area development.

Explanation.- For the purposes of this item, the term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.

12. Disaster management, including relief, rehabilitation and reconstruction activities.

CSR Activities shall not include the following:-

i. activities undertaken in pursuance of normal course of business of the company:

Provided that company engaged in research and development activity of new vaccine, drugs and medical devices in their normal course of business may undertake research and development activity of new vaccine, drugs and medical devices related to COVID-19 for financial years 2020-21, 2021-22, 2022-23 subject to the conditions that-

a) such research and development activities shall be carried out in collaboration with any of the institutes or organisations mentioned in item (ix) of Schedule VII to the Act;

b) details of such activity shall be disclosed separately in the Annual report on CSR included in the Board's Report;

ii. any activity undertaken by the Company outside India except for training of Indian 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 Act;

iv. activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);

v. activities supported by the companies 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.

5. RESPONSIBILITY OF BOARD OF DIRECTORS WITH RESPECT TO IMPLEMENTATION AND MONITORING OF CSR ACTIVITIES

a. Implementation of Activities

The Board of Directors shall ensure that the CSR activities are undertaken by the company itself or through any of the below implementing agency-

(a) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company, or

(b) a company established under section 8 of the Act 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 Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

Apart from the above obligation, the above entities shall get itself registered with Central Government and get a unique CSR registration number w.e.f. April 01, 2021. These requirements are not exhaustive; the company will comply all the statutory obligation as may be amended or effective from time to time.

- b. The Board of Directors is further responsible to:
 - (i) Ensure that the activities included in CSR policy shall be undertaken effectively the Company.
 - (ii) Ensure that in each financial year, the Company spends at least 2% of the average net profits made during the three immediately preceding financial years and in case of failure to spend, specify the reason for non-spending and unless the amount unspent relates to ongoing project, transfer such unspent amount to a fund established under Schedule VII of Companies Act, 2013 within 6 months of the expiry of financial year.
 - (iii) Ensure that the recommendations made by CSR committee towards CSR activities and expenditure shall be undertaken effectively with or without modifications.
 - (iv) The unspent amount related to ongoing project after fulfilling the stipulated conditions in the Companies Act, 2013 shall be transferred to a special account namely "Unspent Corporate Social Responsibility Account" within 30 days from the end of financial year, which shall be spent within the period of 3 years from the date of transfer. In case of failure to spent within the prescribed timeline it shall be transferred to fund established under Schedule VII of Companies Act, 2013 within 30 days of the completion of third financial year. The ongoing project shall be monitored with reference to the approved timelines and year wise allocation and can be modified for its smooth implementation.
 - (v) Ensure that every financial year funds approved by the Company for CSR activities are utilized effectively and a certificate shall be given by the person responsible for financial management to the Board of Directors at the time of approval of financials.
 - (vi) Disclosing in its Annual report the name of CSR committee members, the content of the CSR policy as per prescribe Annexure under Companies Act, 2013 and ensure Composition of CSR activities, CSR policy, Project Approved for CSR ad annual reporting of its CSR activities on the Company website or any other acts, deeds and things as may be required under the Act from time to time.
 - (vii) The impact assessment report shall be the part of annual report of CSR which shall be applicable in case of average CSR obligation of ten crore rupees or more in three immediate preceding financial years conducted through an independent agency of the CSR projects having outlay of one crore rupees or more and which have been completed not less than one year before undertaking the impact

study. The expenditure on impact study can be booked under CSR expenses for that financial year which shall not exceed 5% of total CSR expenditure or fifty lakh rupees whichever is less.

6. COMPOSITION OF CSR COMMITTEE

Pursuant to the provisions of Section 135 of Companies Act, 2013, the Board of Directors of MKI constituted a CSR Committee vide its Board Resolution dated 13th May 2016.

In furtherance of change in directorship of the Company, CSR Committee was reconstituted many times. Following are the members of the committee as on date:

S. No	Name of Director	Designation	Position held in Committee
1	Mr. Pankaj Munjal	Director & Chairman	Chairman
2	Mr. Kannan Saravanan	Managing Director	Member*
3	Mr. Tarun Vohra	Nominee Director	Member

7. FUNCTIONS AND POWERS OF THE COMMITTEE

The Committee is vested with the following functions and powers:

- Formulate CSR Policy and recommend the same to the Board of Directors of the Company;
- Approve and recommend CSR activities to be undertaken as per Schedule VII and any of its amendment;
- Recommend the amount of expenditure to be incurred directly or collaboration with other companies or through implementing agency;
- Obtain the status of spending made out of allocated CSR amount on CSR activities by the Board of Directors of the Company in accordance with the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014 (“CSR Rules”);
- Monitor CSR Policy & activities from time to time;
- Create transparent monitoring mechanism for implementation of CSR activities undertaken by the Company;
- Submit the reports to the Board in respect of the CSR activities undertaken by the Company;
- Authorize officials of the Company to attend the CSR Committee Meetings, if necessary.
- Formulate and recommend to the Board of Directors an annual action plan w.e.f. April 01, 2021 which includes:
 - i. the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
 - ii. the manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4 of CSR Rules;

- iii. the modalities of utilisation of funds and implementation schedules for the projects or programmes;
 - iv. monitoring and reporting mechanism for the projects or programmes; and
 - v. details of need and impact assessment, if any, for the projects undertaken by the company.
- Any other responsibilities/functions as may be prescribed by the Companies Act and CSR Rules from time to time.

8. MEETINGS OF THE COMMITTEE

For smooth functioning of the Committee, the members shall meet as below to discuss such matters and to take such decisions as may be necessary;

- a) The CSR Committee shall hold a meeting, whenever required.
- b) The members of the Committee may mutually agree between them regarding time and place for the said meetings.
- c) The quorum for the CSR Committee Meeting shall be one-third of its total strength (any fraction contained in that one-third be rounded off as one) or two members, whichever is higher.
- d) The Members of the Committee may participate in the meeting either in person or through video conferencing or other audio visual means as may be convenient.

9. CSR EXPENDITURE

The provisions of the Companies Act, 2013 read with rules made thereunder, mandate companies meeting the qualification criteria to allocate certain portion of its annual net profits during the three immediately preceding financial years to be spent on CSR activities shall fall under the purview of Schedule VII of the Companies Act 2013.

The CSR expenditure shall be recommended by the CSR Committee and subsequently to be approved by the Board of Directors. The Board shall ensure that the Company spends, in every financial year, at least two per cent. of the average net profits of the company made during the three immediately preceding financial years.

Conditions of CSR Expenditure:

- (1) The Board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.
- (2) Any surplus arising out of the CSR activities shall not form part of the business profit of a Company 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 the company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

(3) Where a Company spends an amount in excess of requirement provided under Section 135(5) of the Companies Act, 2013, such excess amount may be set off against the requirement to spend up to immediate succeeding three financial years subject to the conditions that –

(i) the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any, in pursuance of Rule 7(2) of CSR Rules.

(ii) the Board of the company shall pass a resolution to that effect.

(4) The CSR amount may be spent by a company for creation or acquisition of a capital asset, which shall be held by -

(a) a company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number; or

(b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or

(c) a public authority;

10. REFLECTION OF CSR ACTIVITIES

The Annual Report of the Company shall include a section on CSR outlining the CSR Policy, CSR Committee, CSR initiatives undertaken by the Company, the CSR spend during the financial year and any other information as prescribed by the prevailing law.

11. PUBLICATION OF THE CSR POLICY

As per the CSR Rules, the contents of the CSR policy shall be included in the Director's Report and the same shall be displayed on the Company's website.

12. POLICY REVIEW AND FUTURE AMENDMENT

The Board may amend, abrogate, modify or revise any or all clauses of this Policy, on recommendation of the CSR Committee and in accordance with the guidelines issued by the Government from time to time in respect to the Act and the CSR Rules.

The 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.

13. EFFECTIVE DATE

In supersession to the earlier versions, this policy is effective from 22nd January 2021.

14. CONTACT

For queries relating to the CSR policy, please write us at rbabbar@munjalkiriu.co.in