



Indo- Russian Rifles Private Limited

INDO-RUSSIAN RIFLES PRIVATE LIMITED (IRRPL) **CORPORATE SOCIAL RESPONSIBILITY POLICY**

1. Preamble and Philosophy

Business enterprises are economic organs of society, and their performance must be measured not only by financial results but also by their contribution to building economic, social and environmental capital. Indo-Russian Rifles Private Limited (IRRPL) (“the Company”) recognises that its operations have a wide-ranging impact on the communities in which it functions and is committed to conducting its affairs with due regard to the interests of its stakeholders, including shareholders, employees, customers, suppliers, business partners, the local community and society at large.

This Corporate Social Responsibility (“CSR”) Policy sets out the Company's approach to, and the guiding principles for, the selection, implementation, monitoring and reporting of its CSR activities, in furtherance of the Company's continuing commitment to inclusive and sustainable development.

2. Applicability

This Policy applies to the Company for so long as it meets any of the following thresholds, as prescribed under Section 135(1) of the Companies Act, 2013 (“the Act”), during the immediately preceding financial year:

- net worth of Rupees five hundred crore or more; or
- turnover of Rupees one thousand crore or more; or
- net profit of Rupees five crore or more.

Where the Company ceases to be covered under Section 135(1) of the Companies Act, 2013 for three consecutive financial years, it shall not be required to constitute a CSR Committee or comply with the provisions of Section 135(2) to (6) of the Act until such time as it again meets the applicability criteria prescribed under Section 135(1), in accordance with the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

3. Definitions

In this Policy, unless the context otherwise requires:

“Act” means the Companies Act, 2013, including any statutory modification, amendment or re-enactment thereof;

“Administrative Overheads” means the expenses incurred by the Company for the general management and administration of CSR functions, but excludes expenses directly incurred for the designing, implementation, monitoring and evaluation of a particular CSR project or programme;

“Annual Action Plan” means the plan referred to in Rule 5(2) of the Rules, as recommended by the CSR Committee and approved by the Board each financial year;

“Board” means the Board of Directors of the Company;

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“Capital Asset” means any capital asset created or acquired through CSR expenditure, to be held in accordance with Rule 7(4) of the Rules;

“Company” means Indo-Russian Rifles Private Limited (IRRPL), acting through its Board;

“CSR” or “Corporate Social Responsibility” means the activities undertaken by the Company in pursuance of its statutory obligation under Section 135 of the Act, read with the Rules, in areas or subjects specified in Schedule VII to the Act, but shall not include activities excluded under Rule 2(1)(d) of the Rules, including, inter alia, activities undertaken in the normal course of business, activities undertaken outside India (other than training of Indian sports personnel as permitted under the Rules), contributions to political parties, activities benefiting the Company's own employees, sponsorship activities for deriving marketing benefit, and activities undertaken to fulfil any other statutory obligation under law;

“CSR Committee” means the Corporate Social Responsibility Committee of the Board constituted under Section 135(1) of the Act, provided that where the amount required to be spent by the Company under Section 135(5) does not exceed Rupees fifty lakh, the functions of the CSR Committee shall be discharged by the Board;

“CSR Policy” or “Policy” means this statement of the approach and direction given by the Board, including the guiding principles for selection, implementation and monitoring of CSR activities and formulation of the Annual Action Plan;

“Net Profit” means net profit as computed in accordance with Section 198 of the Act and Rule 2(1)(h) of the Rules;

“Ongoing Project” means a multi-year project undertaken by the Company in fulfilment of its CSR obligation, with a timeline not exceeding three years (excluding the financial year in which it commenced), and includes a project whose duration is extended beyond one year by the Board for reasons recorded in writing;

“Rules” means the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time;

“Schedule VII” means Schedule VII to the Act, as amended from time to time;

“Unspent CSR Account” means the special bank account referred to in Section 135(6) of the Act.

Words and expressions used but not defined in this Policy shall have the meanings respectively assigned to them in the Act and the Rules.

4. Constitution and Role of the CSR Committee

The Board shall constitute a CSR Committee in accordance with Section 135(1) of the Act. Where the Company is required to appoint an independent director, the CSR Committee shall comprise at least three directors, including at least one independent director; where the Company is not required to appoint an independent director, the Committee shall comprise at least two directors. Where the amount required to be spent by the Company does not exceed Rupees fifty lakh, the functions of the CSR Committee shall be discharged by the Board itself.

The CSR Committee shall, inter alia:

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1. formulate and recommend to the Board a CSR Policy indicating the activities to be undertaken by the Company in areas or subjects specified in Schedule VII;
2. recommend the amount of expenditure to be incurred on CSR activities;
3. formulate and recommend an Annual Action Plan to the Board, and any alteration thereto during the financial year, for reasons to be recorded;
4. monitor the CSR Policy and the implementation of CSR projects and programmes from time to time; and
5. carry out such other functions as may be assigned by the Board or required under the Act and the Rules, as amended from time to time.

5. Role of the Board

The Board shall, inter alia:

1. approve the CSR Policy and the Annual Action Plan, and any alteration thereto, on the recommendation of the CSR Committee;
2. ensure that the activities included in the CSR Policy are undertaken by the Company;
3. satisfy itself that the funds disbursed for CSR activities have been utilised for the approved purposes and in the approved manner, based on a certification to that effect by the Chief Financial Officer or the person responsible for financial management of the Company;
4. ensure that the Company spends, in every financial year, at least two per cent of the average net profits made during the three immediately preceding financial years, in pursuance of this Policy;
5. disclose the composition of the CSR Committee, and the contents of this Policy, in the Board's Report and on the Company's website, in accordance with the Act and the Rules; and
6. review the implementation and monitoring of the CSR Policy and the Annual Action Plan at such intervals as it may deem fit.

6. Eligible CSR Activities

The Company may undertake CSR activities in any of the areas or subjects specified in Schedule VII to the Act, as amended from time to time, which currently include, without limitation, eradicating hunger, poverty and malnutrition and promoting health care and sanitation; promoting education and livelihood enhancement; promoting gender equality and welfare of women, children, the elderly and persons with disabilities; ensuring environmental sustainability and ecological balance; protecting national heritage, art and culture; measures for the benefit of armed forces veterans, war widows and their dependents; promotion of sports; contribution to funds set up by the Central Government for socio-economic development and relief; contribution to incubators and research and development projects and to recognised academic and research institutions; rural development and slum area development; disaster management; and such other activities as may be notified under Schedule VII from time to time.

The Company shall give preference to the local area and areas around which it operates while identifying CSR projects, without being restricted from undertaking CSR activities in other parts of India.

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7. CSR Implementation

The Company shall implement its CSR projects or programmes, either itself or through:

- a Section 8 company, registered public trust or registered society, established by the Company (singly or jointly with any other company), exempted under sub-clauses (iv), (v), (vi) or (via) of Section 10(23C), or registered under Section 12A and approved under Section 80G, of the Income-tax Act, 1961;
- a Section 8 company, registered trust or registered society established by the Central or State Government;
- an entity established under an Act of Parliament or a State legislature; or
- a Section 8 company, registered public trust or registered society, as described above, having an established track record of at least three years in undertaking similar CSR activities,

provided that every such implementing agency shall be registered with the Central Government by filing Form CSR-1 in accordance with the Rules, and the Company shall satisfy itself as to the continuing eligibility, credibility and compliance status of each such agency before and during its engagement.

The Company may also (a) collaborate with other companies for undertaking CSR projects or programmes, provided each participating company is able to report separately in accordance with the Rules; (b) engage international organisations for designing, monitoring and evaluating CSR projects or for capacity-building of its personnel, subject to compliance with the Rules; and (c) undertake CSR activities through subscription to zero coupon zero principal instruments issued by a Not for Profit Organisation registered with the Social Stock Exchange segment of a recognised stock exchange, subject to the limits, conditions and exemptions prescribed under the Rules, as amended from time to time.

The overall responsibility for implementation of this Policy shall vest in the Board. Day-to-day monitoring and coordination shall be the responsibility of such officer(s) or internal committee as the Board or the Chief Executive Officer/Managing Director may designate from time to time.

8. Annual Action Plan

The CSR Committee shall formulate, and the Board shall approve, an Annual Action Plan in pursuance of this Policy, which shall include:

7. a list of CSR projects or programmes approved for the financial year in the areas specified in Schedule VII;
8. the manner of execution of such projects or programmes;
9. the modalities of utilisation of funds and implementation schedules;
10. monitoring and reporting mechanism for the projects or programmes; and
11. details of need and impact assessment, if applicable, for the projects undertaken,

provided that the Board may alter the Annual Action Plan at any time during the financial year, for reasons to be recorded in writing, consistent with this Policy.

9. CSR Expenditure and Administrative Overheads

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The Board shall ensure that the Company spends, in every financial year, at least two per cent of the average net profits made during the three immediately preceding financial years (or, where the Company has not completed three financial years since incorporation, during such immediately preceding financial years), in pursuance of this Policy.

Administrative overheads relating to the implementation of this Policy shall not exceed the percentage of total CSR expenditure prescribed under the Rules for the relevant financial year.

Where the Company spends an amount in excess of its CSR obligation for a financial year, such excess amount may, subject to a resolution of the Board and the conditions prescribed under the Rules, be set off against the CSR obligation for up to the immediately succeeding three financial years, excluding any surplus arising from CSR activities.

10. Unspent CSR Amount

Where any amount remains unspent pursuant to the Company's CSR obligation for a financial year and does not relate to an Ongoing Project, such unspent amount shall be transferred by the Company to a fund specified in Schedule VII within six months of the expiry of the financial year, in accordance with Section 135(5) of the Act.

Where any amount remains unspent pursuant to an Ongoing Project, such amount shall be transferred by the Company to the Unspent CSR Account within thirty days of the end of the financial year, and shall be spent by the Company towards that project in accordance with its obligation, within three financial years from the date of such transfer, failing which it shall be transferred to a fund specified in Schedule VII within thirty days of the completion of the third financial year, in accordance with Section 135(6) of the Act.

11. Surplus Arising from CSR Activities

Any surplus arising from CSR activities shall not form part of the business profit of the Company and shall be: (a) ploughed back into the same CSR project; or (b) transferred to the Unspent CSR Account and spent in pursuance of this Policy and the Annual Action Plan; or (c) transferred to a fund specified in Schedule VII, in each case within six months of the expiry of the relevant financial year, in accordance with the Rules.

12. Capital Assets Created through CSR Expenditure

Where the CSR amount is spent by the Company for the creation or acquisition of a capital asset, such asset shall not be held in the name of the Company, and shall instead be held by: (a) a Section 8 company, registered public trust or registered society having charitable objects and a CSR registration number; (b) the beneficiaries of the CSR project, such as self-help groups or collectives; or (c) a public authority, in accordance with Rule 7(4) of the Rules.

13. Ongoing Projects

In respect of an Ongoing Project, the Board shall monitor its implementation with reference to the approved timelines and year-wise allocation, and shall be competent to make modifications, for reasons recorded in writing, for the smooth implementation of the project within the overall permissible time period prescribed under the Rules.

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14. Impact Assessment

Where required under Rule 8(3) of the Rules, the Company shall undertake an impact assessment, through an independent agency, of its CSR projects having an outlay of the value prescribed under the Rules and which have completed the minimum period of implementation prescribed thereunder. The impact assessment report shall be placed before the Board and annexed to the annual report on CSR. Expenditure on impact assessment shall not exceed the limit prescribed under the Rules and shall be recognised as part of the Company's permissible CSR expenditure for the relevant financial year, subject to the ceiling prescribed under the Rules. CSR activities undertaken through subscription to zero coupon zero principal instruments shall be exempt from impact assessment to the extent provided under the Rules.

15. Monitoring and Reporting

The Board shall:

12. monitor the implementation of CSR projects and programmes with reference to the approved Annual Action Plan, budgets and timelines, and issue directions as necessary to ensure orderly and efficient execution;
13. require the implementing agency or internal team responsible for a CSR project to report on progress at such frequency as the Board may direct;
14. ensure that the annual report on CSR, in the format prescribed under the Rules, is placed before the Board for review and included in the Board's Report; and
15. ensure that a responsibility statement confirming that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives of the Company is included in the Board's Report.

16. Disclosure

The Board's Report shall disclose the composition of the CSR Committee and such particulars of the CSR Policy and its implementation during the financial year as are required under the Act and the Rules. The Company shall display this Policy, along with the CSR projects approved by the Board, on its website in the manner prescribed under the Rules.

17. Review and Amendment

This Policy shall be reviewed periodically by the CSR Committee and the Board and may be revised or amended by the Board at such intervals as it may deem fit, or earlier, to give effect to any change in the Act, the Rules, Schedule VII, or any circular, notification or clarification issued by the Ministry of Corporate Affairs. In the event of any conflict between this Policy and the Act or the Rules, the provisions of the Act and the Rules shall prevail.
