

Formal Statement of Board Charter which clearly defines the role and responsibilities of the Board and individual Directors of Munitions India Limited.

Clause 3.5 of the Guidelines on Corporate Governance for CPSEs issued by DPE provides as under:-

“A clear definition of the roles and the division of responsibilities between the Board and the Management is necessary to enable the Board to effectively perform its role. The Board should have a formal statement of Board Charter which clearly defines the roles and responsibilities of the Board and individual directors.”

The Board, as a main functionary, is primarily responsible for efficient management of the affairs of the company and to ensure value creation for its stakeholders. Therefore, the foremost requirement of good governance is the clear identification of powers, roles, responsibilities and accountability of the Board, CMD of the Board and other Directors in the form of a Board Charter. Accordingly, in pursuance of Clause 3.5 of the DPE Guidelines on Corporate Governance for CPSEs, it is proposed to have in place a formal statement of Board Charter which clearly defines the roles and responsibilities of the Board and individual directors.

Responsibilities of the Board

Section 179 (1) of the Companies Act, 2013 provides for general powers of the Board and restrictions thereon. It states that subject to the provisions of the Companies Act, the Board of Directors of a company shall be entitled to exercise all such powers, and to do all such acts and things, as the company is authorized to exercise and do; provided that the Board shall not exercise any power or do any act or thing which is directed or required, whether by this or any other Act or by the Memorandum or Articles of the Company or otherwise, to be exercised or done by the company in general meeting.

Further, Section 179(3) of the Companies Act, 2013 provides that certain powers to be exercised by Board only at meetings. These powers are:

- a. to make calls on shareholders in respect of money unpaid on their shares;
- b. to authorise buy-back of securities under section 68;
- c. to issue securities, including debentures, whether in or outside India;
- d. to borrow monies;
- e. to invest the funds of the company;
- f. to grant loans or give guarantee or provide security in respect of loans;
- g. to approve financial statement and the Board's report;
- h. to diversify the business of the company;
- i. to approve amalgamation, merger or reconstruction;
- j. to take over a company or acquire a controlling or substantial stake in another company;
- k. any other matter which may be prescribed.

The provisions and explanations under this Section enables the Board to delegate some of the above powers at (d), (e) and (f) above to other functionaries by means of resolutions passed at meetings of the Board.

Further, Section 179(1) of the Companies Act, 2013 provides for certain restrictions on powers of Board, which shall not be exercised without the consent of the company in a general meeting.

Appointment of Chairman and Managing Director (CMD) and other Directors.

All Directors including the Chairman and Managing Director of the Board of Directors shall be appointed by the President of India and they shall be entitled to such pay, remuneration, allowances traveling allowances, leave, provident fund, medical and other facilities as may be determined by the President at the time of their appointment or thereafter.

Responsibilities of CMD and Functional Directors

1. Whole time Functional Directors:

Whole time Functional Directors shall report to the Chairman & Managing Director. The Functional Directors shall be one amongst the equals i.e non senior to the other, so as to ensure good governance with effective participation from all Functional Directors.

A. Chairman and Managing Director (CMD) (As per Advertisement No.13/2023 dt. 03.11.2023)

The Chairman & Managing Director is the Chief Executive of the company and accountable to the Board of Directors and Government of India. He is responsible for the efficient functioning of the Company for achieving its corporate objectives and performance parameters.

CMD is required to liaise and keep contacts with the important customers and various Central Government Authorities, particularly the Department of Defence Production, Ministry of Defence and Defence Research & Development Organisation. CMD is also required to maintain close liaison with appropriate levels in the three Service Headquarters regarding the ongoing Defence projects and to develop further business in Defence Munitions. Besides this, CMD, MIL has to liaise with the appropriate State Government Authorities, Heads of other Public Sector Undertaking, Customers and Collaborators, Commercial & Financial Institutions and other important organisations associated with activities of the Company. CMD, MIL will be responsible towards providing overall leadership and guidance with a view to accomplish the Mission, Vision and Objectives of the Company viz. indigenization and import substitution, enhance exports, business development and marketing, enhance defence production, modernization, emphasis on R&D and innovation.

B. Director (Human Resources) (As per Advertisement No.15/2023 dt. 17.10.2023)

Director (Human Resources) is a member of the Board of Directors and reports to Chairman and Managing Director. He is responsible for HR planning and organizing manpower resources, HR policies, performance management, compensation management, succession planning, talent management, HR development and training, capability building, employee services, industrial relations, Corporate Social Responsibility (CSR), Security and legal functions etc. in the organization.

C. Director (Operations) (As per Advertisement No.14/2023 dt. 17.10.2023)

Director (Operations) is a member of the Board of Directors and reports to Chairman and Managing Director. He is responsible for overall operations of the company including planning and Production, Strategic planning for expanding the business horizon of the company, Quality Assurance, Modernization, Project management and Indigenization. His responsibilities would also include ensuring effective and efficient implementation of production plans/operation, timely and cost-effective completion of the projects/contract, upgradation of capabilities in the manufacturing divisions, modernization and promoting indigenisation.

D. Director (Finance)

Director/Finance is a member of Board of Directors and reports to the Chairman and Managing Director. He is the overall in-charge of Finance and Accounts functions of the organisation and is responsible for evolving and formulating related policies and their implementation including Financial Planning, budgeting, costing, financial control, preparation of financial statements in compliance with corporate norms and statutory requirements. Asset management, Risk Management.

2. Part-time Non- Official / Independent Directors

Independence of the Board is essential for sound corporate governance as also envisaged in DPE Guidelines NO.18(8)/2005-GM dated 14th May 2010. This goal is expected to be achieved by associating sufficient number of Independent Directors. These Independent Directors are not vested with any executive powers and responsibilities, unlike whole time Functional Directors, and they attend the meetings of the Board and other Board Committees where they are nominated as Chairman/Members by the Board, as and when such meetings are convened.

The role and presence of Independent Directors on the Board is widely considered as a means of protecting the interests of shareholders and all other stakeholders, and to bring an element of objectivity and independence in examination, deliberation, and decision making in respect of matters brought before the Board. Since the Independent Directors are reputed professionals drawn from diverse fields of expertise, the quality of decision making and corporate governance is enhanced by having a broader perspective. The Independent Directors are collectively responsible for the deliberations and decisions taken by the Board from time to time.

3. Part-time Official / Government Nominee Director

Presently MIL is having one Government nominee Director appointed by the President, who is representing the Government, which is the majority shareholder. The Director representing the Government is also not vested with any executive powers and responsibilities, unlike the whole time Functional Directors, and the Directors attends the meetings of the Board and other Board Committees where he is nominated as Chairman/Member by the Board, as and when such meetings are convened. The role and responsibilities of Part-time official Government Nominee Director are similar to those enunciated for Part-time Independent Directors.