

KRISHNAPATNAM RAILWAY COMPANY LIMITED (KRCL)

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

01ST NOVEMBER, 2018

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Krishnapatnam Railway Company Limited

KRCL CSR Policy

[01ST NOVEMBER 2018]

1.0 INTRODUCTION

Corporate Social Responsibility is not a new concept in India, however, the Ministry of Corporate Affairs, Government of India, under the Section 135 of the Companies Act, 2013 along with Companies (Corporate Social Responsibility Policy) Rules, 2014 "hereinafter CSR Rules" and other notifications related thereto makes it mandatory (with effect from 1st April, 2014) for certain companies who fulfil the criteria as mentioned under Sub Section 1 of Section 135 to comply with the provisions relevant to Corporate Social Responsibility. As mentioned by United Nations Industrial Development Organization (UNIDO), CSR is generally understood as being the way through which a Company achieves a balance of economic, environmental and social imperatives ("Triple-Bottom-Line- Approach"), while at the same time addressing the expectations of shareholders and stakeholders.

2.0 FRAMEWORK OF CSR POLICY OF KRCL

2.1 The Corporate Social Responsibility (CSR) Policy of Krishnapatnam Railway Company Limited (hereinafter referred as KRCL) is issued within the framework mentioned hereunder:

- a) Section 135 of the Companies Act, 2013 (hereinafter referred as Act)
- b) The Companies (Corporate Social Responsibility Policy) Rules 2014 (hereinafter referred as Rules)
- c) Schedule VII of the Companies Act, 2013 & Amendment to Schedule VII (hereinafter referred as Schedule) and
- e) General Circular No. 21/2014 issued by Ministry of Corporate Affairs (hereinafter referred as MCA) on the subject.

2.2 This Policy is consistent with the Act and the rules on CSR framed by MCA and the policy directions on the subject issued by the Government from time to time.

2.3 Whenever any amendments are made by MCA on the subject, the same shall be duly incorporated in the policy document. As per the Act, modification/amendment to the policy will be approved by the Board of Directors of KRCL on the recommendation of the CSR Committee of the Board.

3.0 EFFECTIVE DATE OF CSR POLICY

This policy shall be effective from the date of its approval by the Board of Directors of the Company.

4.0 ACTIVITIES UNDER CORPORATE SOCIAL RESPONSIBILITY

4.1 The scope of this policy will extend to activities as stated under Schedule VII of the Companies Act, 2013, as may be amended from time to time.

4.2 The scope of the policy is to also include all additional and allied matters as may be notified by Ministry of Corporate Affairs or such other body as appointed/ notified by Central or State Government from time to time for this purpose. The Company shall upon the recommendation of its CSR Committee and with necessary approval of the Board undertake any of the following activities as part of its corporate social responsibility initiatives which are defined in Schedule VII of the Companies Act 2013 as under:

- i. Eradicating extreme hunger and poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;
- ii. Promotion of education; including special education and employment enhancing vocational skills especially among children, women, 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, agro-forestry, conservation of natural resources and maintain of quality of soil, air and water.
- v. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up of public libraries; promotion and development of traditional arts and handicrafts;
- vi. Measures for the benefits of armed forces veterans, war windows and their dependents;
- vii. Training to promote rural sports, nationally recognized sports and paraolympic sport and Olympic sports;
- viii. Contribution to the Prime Minister's National Relief fund or any other fund set up by the Central Government or the State Government for socio-economic development and relief and welfare of the Scheduled castes, the Scheduled Tribes, other backward classes, minorities and women;
- ix. Contribution or funds provided to technology incubators located within academic institution which are approved by the Central Government.
- x. Rural development projects;
- xi. Slum area development.

4.3 The Board of Directors of the Company may on the recommendation of the CSR Committee decide to undertake CSR projects or programme or activities by the Company itself directly or through a registered trust or a registered society or a Company or an associate Company established by KRCL or otherwise (implementing Agency) provided that if such trust, society or Company is not established by the Company or its holding or subsidiary or associate Company, it shall have an established track record of three years in undertaking similar programs or projects complying with the provision related to companies (Corporate Social Responsibility) Rules, 2014.

4.4 While undertaking CSR projects or programme or activities preference shall be given to the local area or area of operation of the Company. Such area of operation for any identified project or programme or activity shall

be finalized by the Board of Directors upon recommendation of CSR Committee.

- 4.5 In the initial years of CSR activity, Company will focus on child education; health care / hygiene; skill development; eradicating extreme hunger, poverty and malnutrition; protection of fauna; animal welfare; promotion of employment enhancing vocational skills; livelihood enhancement projects and rural development projects. The focus and coverage of area will be decided on year after year basis and approved by the Board of Directors of the Company.

5.0 CSR COMMITTEE

5.1 The Board of Directors of the Company has constituted a Corporate Social Responsibility Committee (CSR Committee) of the Board consisting of three Directors at present. However, the Number of Members of the CSR Committee may be increased or decreased by the Board of Directors as per the requirement, subject to the provisions of Section 135 of the Companies Act, 2013. Members of the Committee shall elect its Chairman and convener.

The Committee shall:

- a) Formulate and recommend to the Board, the CSR Policy and any amendments thereof;
- b) Recommend the amount of expenditure to be incurred on the activities as per CSR Policy;
- c) Be responsible for implementation and monitoring of CSR Policy, CSR projects or programmes or activities of the Company.

5.2 The CSR Committee shall meet as and when deemed necessary and quorum of meeting of CSR Committee shall be one third of the total strength or two directors, whichever is higher.

5.3 The CSR Committee may invite Specialists, Executives, Advisors, representatives of Social Organizations, Auditors of the Company and such other person(s) as it may deem consider necessary to attend its meetings.

5.4 The CSR Committee may by resolution delegate or entrust any of the function, acts, deeds or things, etc. as may be required to be performed or complied by it, whether under Companies Act, 2013 or rules made there under or otherwise to any person, whether in employment of the Company or otherwise, and any such functions, acts, deeds or things etc., performed by such person pursuant to such resolution shall have effect, as if the same has been performed by the Committee itself.

6.0 GUIDELINES FOR CSR EXPENDITURE

6.1 The Company shall spend, in every financial year, at least 2% of the average net profit of the Company made during the immediately 3 preceding financial years. Net profit in such case will have the meaning as stated under Rule 2 (f) of the Companies (Corporate Social Responsibility) Rules, 2014.

6.2 Expenditure shall include all expenditure including corpus for CSR project or programme relating to CSR activities approved by the Board on recommendation of CSR committee. However, the same will not include expenditure on any item not in conformity or in line with the activities stated under Schedule VII of the Companies Act, 2013.

6.3 CSR project or programme or activities undertaken in India only shall be considered as CSR Expenditure.

6.4 Projects or programme or activities that benefit only the employees of the Company and their families shall not be considered as CSR activities.

6.5 Contribution of any amount directly or indirectly to any political party shall not be regarded as a CSR activity.

6.6 Any expenditure incurred for building CSR capacity, whether own or that of eligible Implementing Agency, shall not exceed five percent of total CSR Expenditure, in one particular financial year.

6.7 Surplus arising out of CSR projects or programmes or activities shall not form part of the business profit of the Company.

6.8 If the Company fails to spend, the amount stated hereinabove, then reason for not spending shall be stated in the Directors Report.

6.9 The un-utilized amount if any, will not lapse, if not spent that year and will be carried over to the next year which may accumulate.

7.0 MONITORING AND EVALUATION

The Board in consultation with the CSR Committee may frame rules or issue directives with regard to monitoring and evaluation of the CSR projects or programmes or activities.

8.0 POST IMPLEMENTATION IMPACT ASSESSMENT

If considered necessary and as decided by the Committee, the effectiveness of various programmes / activity undertaken under the CSR may be got evaluated through external agencies for providing the required feed back and inputs to formulate and improve the programmes in future.

9.0 REPORTING AND DISCLOSURES

As per clause (o) of sub section (3) of section 134 of the act, KRCL shall report and disclose the contents of CSR Policy and CSR activities taken up during a financial year by KRCL, etc., in its Board's Report. The Board's Report of the Company shall also include an Annual Report on CSR.

10.0 AMENDMENTS TO THE POLICY

The Board of Directors on its own and / or as per the recommendations of CSR Committee can amend this Policy, as and when required as deemed fit. Any or all provisions of the CSR policy would be subject to revision / amendment in accordance with the Regulations on the subject as may be issued from relevant statutory authorities, from time to time.

Sd/-	Sd/-	Sd/-
(Director/KRCL & (Member of the Committee)	(Director/KRCL & (Member of the Committee)	(Director/KRCL & (Member of the Committee)