

CORPORATE SOCIAL **RESPONSIBILITY POLICY**



JHARKHAND CENTRAL RAILWAY LTD.
(A JV COMPANY OF CCL, IRCON INTERNATIONAL LTD & GOVT OF JHARKHAND)
CIN: U45201JH2015GOI003139

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1. INTRODUCTION

The concept of Corporate Social Responsibility (CSR) has gained prominence from all avenues. The 'Corporate Social Responsibility' is a statutory provision under Section 135 of THE COMPANIES ACT, read with Schedule VII of the Act. Subsequent to the statutory provision, the Ministry of Corporate Affairs (MCA), Government of India, notified on 27th February 2014, "The Companies (Corporate Social Responsibility Policy) Rules, 2014" ("CSR Rules" for short). Along with this an amended Schedule VII to the Companies Act, 2013, which provides the list of activities which may be undertaken as CSR activities are also notified. The CSR Rules and the amended Schedule VII have come into force with effect from 1st April, 2014. The above Act enjoins all companies to have a CSR policy. The initiatives which a Company broadly intends to undertake should also find mention therein.

In the aforesaid backdrop, CSR policy of JCRL has been framed after incorporating the features of the Companies Act 2013, Companies (CSR Policy) Rule 2014 and their subsequent amendments, notifications issued by Ministry of Corporate Affairs (MCA), Department of Public Enterprises (DPE), and Govt. of India from time to time.

2. OBJECTIVE

The main objective of CSR policy is to lay down guidelines for Jharkhand Central Railway Limited [JCRL] and to make CSR a key business process for sustainable development for the society. This Policy shall be read in line with Section 135 of the Companies Act 2013, Companies (Corporate Social Responsibility Policy) Rules, 2014 and such other rules, regulations, circulars, and notifications (collectively referred hereinafter as 'Regulations') as may be applicable and as amended from time to time and will, inter-alia, provide for the followings:

- Establishing a guideline for compliance with the provisions of Regulations to dedicate Company's profits for social projects as per mandate.
- Ensuring the implementation of CSR initiatives in letter and spirit through appropriate procedures and reporting
- Creating opportunities for employees to participate in socially responsible initiatives.

3. **ALLOCATION OF FUND**

The following guidelines shall be followed for allocation of fund for CSR activities during the financial year:

1. Minimum CSR expenditure target in a year shall be ***a+b-c*** where:
 - a) 2% of average net profit of the company for the three immediately preceding years as per Companies Act 2013.
 - b) Surplus arising out of any CSR projects
 - c) set off available from previous year(s)

- NOTE:**
- 1) Any unspent or excess amount from CSR budget in a financial year would be accounted for as per the provisions of the extant statute. The basis for calculation of unspent or excess amount shall be the amount required to be spent as per the statutory provisions i.e. 2% of average net profit of the company for three immediately preceding financial years.
 - 2) if JCRL spends an amount in excess of the requirements provided as per above mandate (or subsequent revision thereof in the Act/Rules of Govt), JCRL shall set off such excess amount for up to three succeeding financial years with the approval of JCRL Board.

4. **SELECTION OF CSR PROJECTS/ACTIVITIES**

4.1 **Areas to be covered**

- Projects of JCRL are located in Jharkhand State, spanning two districts in relatively isolated areas i.e. Chatra & Hazaribagh District. Hence the primary beneficiaries of CSR activities shall be project affected areas and those staying within the radius of 25 Km of the construction site. JCRL shall ensure that the maximum benefit of their CSR activities goes to the underprivileged section of the society. CSR activities should be undertaken as per Schedule VII of Companies Act and as per department of Public Affairs (DPE) guideline / applicable Government guideline issue from time to time.
- Activities undertaken in pursuance of CSR and sustainability policy must be relatable to Schedule VII **Annexure -I** of the companies Act 2013. The entries in the said schedule must be interpreted liberally so as to capture the essence of the subjects enumerated in the said schedule. The subject covered in Scheule VII shall stand modified as per Government Notification.
- Observance of transparency and due diligence in the selection and implementation of activities under CSR shall be ensured.
- The project will be taken up based on the viability, relevance to target, beneficiaries, reach and coverage in the Companies Act 2013

4.2 Scope

JCRL would undertake select CSR activities out of the themes listed in Schedule-VII of the Companies Act 2013 and guidelines issued by Department of Public Enterprises (DPE), Govt. of India as amended from time to time.

The themes in the scope of CSR policy must be interpreted liberally so as to capture the essence of the subjects enumerated in Schedule VII of Companies Act, 2013. Any modifications in Schedule VII of Companies Act 2013 or directions from DPE guidelines or MOC shall also be deemed to have been incorporated in the scope of CSR policy of JCRL from the date of such changes being notified by the Government.

5. INSTITUTIONAL ARRANGEMENT

5.1 Exemption form Constitution of CSR Committee

As per section 135 (1) of the Companies Act, read with Companies (CSR Policy) Rules, 2014 the CSR provisions will be applicable to companies which fulfil any of the following criteria during the immediately preceding financial year:

- (i) Net worth of ₹. 500 crore or more; or
- (ii) Turnover of ₹. 1000 crore or more; or
- (iii) Net profit of ₹. 5 crore or more

Every such company is required to constitute a CSR committee of the Board. Section 135 (9) of the Act as introduced by the Companies (Amendment) Act, 2020 provides for an exemption from the requirement to constitute a CSR Committee where the amount to be spent by the company under section 135(5) of the Act does not exceed ₹ 50 lakhs in a financial year.

In such cases, the functions of the CSR Committee as provided under section 135 of the Act shall be discharged by the Board of Directors of such company.

5.2 Delegation of Power to approve CSR projects/activities at JCRL shall be as under

- i) Projects/Activities valued up to Rs. 2 Lakh shall be approved by Chairman, JCRL .
- ii) Projects/activities valued more than Rs.2 Lakh shall be approved by Board of Directors of JCRL.

6. IMPLEMENTATION

- i. The Company shall formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy, which shall in accordance of Rule 5(2) of the Companies (CSR) Policy Amendment Rules 2022 for the purposes directly relatable to programs covered under Schedule VII of the act.
- ii. Activities under CSR except those relating to contribution to funds specified in Schedule VII shall be in project mode and for every project, time framed periodic milestone should be finalised at the outset.
- iii. As far as possible, it would be preferable to take projects at the beginning of the year and complete it within the same year and therefore projects spilling to next year should be avoided The date of staring of work or release of first instalment, whichever is earlier shall be considered as project starting date. JCRL will put progress report of ongoing projects for review /information of Board preferably once in a quarter.
- iv. Activities identified under CSR shall be implemented by either JCRL or through implementing agencies as mentioned in sub-Rule 4 of Companies (CSR Policy) Rules 2014. Criteria for selecting Implementing agency shall be as mentioned in Rule 4(1) and 4(2), of Companies (CSR) Policy Amendment Rules 2022.
- v. Need and justification of all CSR projects/activities shall have to be ascertained. Need in the form of application from beneficiaries, elected representative/ local administration/district administration, need expressed during meetings within village on visit of site shall be recorded and shall form basis of preparation.
- vi. Memorandum of understanding shall be signed with all implementing agencies for all projects.
- vii. Assets created under CSR shall be handed over to district/ local administration/ Not for profit Organisation (trust, Section 8 companies, beneficiaries' groups).
- viii. Surplus arising out of CSR activities shall be ploughed back in same project or spent on any the CSR projects taken up by company.

7. IMPACT ASSESMENT

- i. JCRL shall undertake impact assessment of its projects valued Rs 1 crore or above after lapse of 1 year of their completion through an independent agency appointed by the Board. This will be irrespective of company's average CSR obligation in preceding years.
- ii. Impact assessment report as above shall be placed before the Board and shall be annexed to the annual report on CSR.
- iii. In case of company undertaking impact assessment on CSR activities wherever applicable the company shall book the expenditure towards corporate social responsibility for the financial year, which shall be 2% of the total CSR spend for the financial year or Rs.50lakh whichever is lower

8. DATA MANAGEMENT

All the data related to CSR shall be maintained on real time basis with inbuilt mechanism of report generation, having details of list of activities taken, total expenditure incurred, commencement of project, completion of projects, type of beneficiaries with category wise(ST,SC,OBC, PWD) gender wise and age group (Children, senior citizens others) wise break up etc. to the extent feasible.

9. REPORTING

In terms of Section 135 of the Companies Act, 2013 read with Rule 8 of the CSR Rules, CSR activities and progress shall be reported as part of the Director's Report in the Company's Annual Report and also as per any other statutory and regulatory reporting requirements. The internal report of the CSR activities and progress shall be informed from time to time to the Board of Directors preferably in every quarter. Above reports shall be in such form and manner as may be convenient and appropriate to suit the purpose of effective communication.

The said Annual Report on CSR shall be in the form of **Annexure -II** Companies (CSR Policy) Rules 2014 amendment in 2022 or such subsequent amendments.

10. DUE DILIGENCE

JCRL would comply with all statutory provisions on CSR and the amendments thereto, as promulgated from time to time. JCRL would also comply with all rules, regulations, guidelines, orders, directives or any such communication issued by the Central Govt. from time to time.

11. LIMITATION AND AMENDMENT

The CSR policy of the company will be governed by provisions under Companies Act, 2013 or any other act that may be introduced, Government guidelines and any other govt. instructions applicable from time to time.
