



**KONKAN RAILWAY CORPORATION LIMITED
(A GOVERNMENT OF INDIA UNDERTAKING)
CIN: U35201MH1990GOI223738**

**REGISTERED OFFICE: BELAPUR BHAVAN, SECTOR 11, PLOT NO.
6, CBD BELAPUR, NAVI MUMBAI – 400614, MAHARASHTRA
www.konkanrailway.com**

**CORPORATE SOCIAL RESPONSIBILITY (CSR) AND
SUSTAINABILITY POLICY**

**(REVISED VIDE 19th CSR&S COMMITTEE MEETING
AND 173rd BOD HELD ON 14th FEBRUARY, 2023)**

1. ABOUT KONKAN RAILWAY CORPORATION LIMITED (KRCL)

The Company was set up to undertake construction and operation of Konkan Railway route, a broad gauge railway line along the west coast of India connecting Roha (Raigad, Maharashtra) to Thokur (Dakshin Kannada, Karnataka).

The main business of the Company is transportation of passengers and goods by Rail and undertake infrastructure projects (both domestic and internationally).

2. HISTORY OF CSR&S INTRODUCTION

DPE had issued guidelines on implementation of Corporate Social Responsibility in 2010 making CPSEs responsible with respect to corporate performance, measured in terms of economic, social and environmental impact - commonly called The Triple Bottom Line. Guidelines were later modified and made applicable since 01.04.2013. Thereafter, by way of the Companies Act, 2013, these guidelines were again amended in line with applicable provisions of CSR Rules issued by Ministry of Corporate Affairs and Schedule VII of the Companies Act, 2013. The amended guidelines were issued on 21st October 2014 to be effective from 01.04.2014. Accordingly, the same was adopted on KRCL.

3. SCOPE OF THIS POLICY

Purpose of this document is to make stakeholders aware about CSR activities to be conducted on Konkan Railway Corporation Limited and Associated practices of CSR.

4. OBJECTIVES OF THIS POLICY

The objective is to help people by providing health facilities, education, civic amenities etc. along with creating opportunities for skill development and employment, and promoting greater environmental responsibilities and technologies for sustainable development as per Schedule VII of the Company Act. The entries must be interpreted liberally, given in brief as under:

- i. Eradicating hunger, poverty, malnutrition and 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.

- ii. promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- iii. 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.
- iv. 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.
- v. 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;
- vi. 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;
- vii. training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports
- viii. 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;
- ix. 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 Defence 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).]

- x. Rural development projects.
- xi. Slum area development.
- xii. Disaster management, including relief, rehabilitation and reconstruction activities.

5. AREAS OF FOCUS

The areas of focus and its thrust areas envisioned for CSR activities by KRCL are as under. The list is only illustrative and not exhaustive.

5.1. SKILL DEVELOPMENT FOR SUSTAINABLE LIVELIHOOD

- i. Skill development training/workshop to youth for better employ-ability.
- ii. Vocational / professional training/ workshop for youth.

5.2. LITERACY/EDUCATION

- i. Promote computer literacy and technology assisted learning.
- ii. Promote technical/ professional education by giving financial assistance.
- iii. Creating infrastructural support for skill development to youth.
- iv. Provision of scholastic material and scholarships to deserving students.
- v. Repairs to existing school buildings and its facilities.

5.3. SAFE DRINKING WATER, HEALTH CARE & SANITATION

- i. Provision of water filters for safe drinking water.
- ii. Promote health care through mobile medical vans / surveillance vehicles etc.
- iii. Providing nutritional supplements to needy and support to differently abled persons.
- iv. Periodic health awareness campaigns.
- v. Sanitation through maintenance and construction of toilets.

5.4. AGRICULTURE & INFRASTRUCTURE DEVELOPMENT

- i. Promoting usage of green (renewable) energy.
- ii. Electrification of public buildings in villages and streets.
- iii. Promoting Horticulture in rural areas.

5.5. Contribution to Central Govt. Funds, support under Disaster Management and any other item with approval of CSR & Sustainability Committee (CSR&S) and BoD.

6. GENERAL

6.1. CSR is KRCL's commitment to its stakeholders viz shareholders, passengers, customers, local communities, environment & society at large to conduct business in an economically, socially and environmentally sustainable manner, thereby to serve interests of society.

6.2. Thrust of CSR will be on empowerment of communities, development of backward regions, upliftment of marginalized, underprivileged and weaker sections of society.

6.3. Areas of activities under CSR of KRCL shall be primarily in the areas of operations by the Company, other areas and as per guidelines issued by appropriate authorities with recommendations of CSR&S Committee and approval of BoD.

6.4. Efforts will be made to imbibe the philosophy and spirit of CSR in employees at all levels and get embedded in the core values of KRCL.

6.5. CSR&S Committee of the Board shall comprise three or more directors out of which at least one shall be Independent Director. The meeting shall be held in accordance with the Companies Act, 2013. The recommendation of the Committee shall be placed before BoD for noting/ approval, as the case may be.

6.6. CSR&S Committee shall be assisted by a Nodal Officer, not below the rank of SG in implementation of CSR activities. The designated Nodal Officer shall:

- a. Facilitate coordination of CSR activities as per policy directives.

- b. Regularly put up status of implementation of CSR activities to Board Level Committee.
- c. Put up proposals through Company Secretary for recommendation and approval of BoD.
- d. Disclose content of CSR&S policy & periodical reports as per DPE guidelines.
- e. Report to concerned Ministry, as required.
- f. Any other function as delegated by the Management.

6.7. Nodal officer shall have authority to seek any technical advice and support from any official of the company in the effective discharge of duties under this policy.

7. PLANNING/SELECTION OF CSR ACTIVITIES /SCHEMES/PROJECTS

KRCL would consider following parameters for identification of CSR activities:

7.1. Focus would be on areas defined under Schedule VII of the Companies Act, 2013.

7.2. To fully exploit core competence of KRCL in implementation of CSR activities, company can align its activities with business policies and strategies to the extent possible, and could select such activities, which can be better monitored through in-house expertise.

7.3. For optimal use of resources, KRCL may join hands with other CPSEs for mega projects having greater visibility, more beneficiaries, and long-term visible impact.

7.4. Guidelines issued by Ministry of Railways for taking up CSR activities, which are consistent with extant rules and regulations, within railway premises would be given due consideration by allocation of fund and for selection of CSR activities.

8. CSR BUDGET AND EXPENDITURE

8.1. CSR Budget shall be fixed for each financial year. CSR spending shall be at least 2% of average net profits of KRCL made during the immediately preceding three financial years or otherwise notified by Ministry of Corporate Affairs, GOI.

Endeavor shall be made to spend the entire budget in that year itself except long gestation CSR activities, which will be spent as per its gestation period.

8.2. "Net Profit" means the net profit of a company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely: -

(i) any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and

(ii) any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act: Provided that in case of a foreign company covered under these rules, net profit means the net profit of such company as per profit and loss account prepared in terms of clause (a) of sub-section (1) of section 381, read with section 198 of the Act;

8.3. The maximum permissible limit for administrative overheads is five per cent of the total CSR expenditure of the company for the financial year.

8.4. (a) If the Company is having average CSR obligation of ten crore rupees or more in pursuance of sub- section (5) of section 135 of the Companies Act, 2013 in the three immediately preceding financial years, the Company shall undertake impact assessment, through an independent agency, of their CSR projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study.

(b) The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.

(c) The maximum expenses on impact assessment for the CSR activities shall be 2% of total CSR expenditure for that financial year or ₹50 Lakh whichever is higher.

8.5. Salaries paid by KRCL to regular CSR staff as well as volunteers of KRCL would be factored into CSR activities cost as part of CSR expenditure.

8.6. If the company spends less than the amount required to be spent under their CSR obligation, Board shall specify in their report reasons for not spending. The unspent amount will be dealt in the following manner:

8.6.1. Unspent amount pertaining to 'ongoing projects' - Transfer amount to a separate bank account of company named as 'Unspent CSR Account' within 30 days from the end of FY.

8.6.2. Unspent amount pertaining to 'other than ongoing projects' - Transfer amount to any fund included in Schedule VII of the Companies Act, within 6 months from the end of FY.

8.7. The following expenditure, if so incurred, shall not be considered CSR expenditure for the purpose of the Act and Rules made there under:

- i. Activities undertaken in pursuance of normal course of business of the company;
- ii. Expenditure on CSR activities undertaken 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. CSR 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.

8.8. While selecting CSR activities from activities listed in Schedule VII of the Companies Act, 2013, priority will be given to issues, which are of foremost concern in the national development agenda, like training and development in soft skill, green energy, safe drinking water for all, provision of toilets especially for girls, health and sanitation, education etc.

Main focus of CSR&S policy will be on sustainable development and inclusive socio- economic growth and to address basic needs for deprived, underprivileged, neglected and weaker sections of the society.

8.9. Any surplus arising out of the CSR activities shall not form part of the business profit of the 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.

8.10. If company spends an amount in excess of requirement provided under sub-section (5) of section 135 of the Companies Act, 2013 such excess amount may be set off against the requirement to spend under subsection (5) of section 135 the Companies Act, 2013 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.

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

8.11. 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.

9. BASELINE SURVEY & DOCUMENTATION

9.1. Although baseline surveys are generally considered to be useful scientific tools for a fair measurement of needs, it will not be adopted for those cases where credible documentary evidence of assessment study done through KRCL's own resources or through some specialized agency, or reliable data from recognized sources is available. Selection of projects may not always be based on such surveys.

9.2. Nodal Officer will prepare an Annual Action Plan as mentioned at para 10.5 of this policy, by end of March every year, for review and recommendation of the CSR &S Committee and approval of the Board of Directors.

9.3. Before putting up new CSR proposals for approval for next year, carried forward works of previous year along with amount approved by CSR&S Committee for such activities, actual amount spent/unspent and commitment which is pending for execution should be put up.

10. IMPLEMENTATION / UNDERTAKING OF CSR ACTIVITIES

10.1. Those CSR activities, which are closely aligned with strategy of KRCL and having core competence will be taken up with KRCL's own manpower & resources. Where KRCL does not have in-house expertise, then activities can be undertaken through:

- (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 KRCL, 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.

10.1.1. Every entity, mentioned above, who intends to undertake any CSR activity, shall register itself with the Central Government by filing the form CSR-1 electronically with the Registrar, with effect from the 01st day of April 2021.

10.2. The agency to be employed should have an established track record of minimum three years in undertaking similar projects. The selection should be done following the procurement guidelines as per KRCL Policy. The specialized agency will fulfill following qualifying criteria for implementation/undertaking of CSR activities.

10.2.1. It should have a permanent office in India and should be registered with appropriate Authority for more than three years with no political affiliations.

10.2.2. Agencies which undertake skill development training programme or vocation training courses should have valid recognition from appropriate authorities viz. NCVT or NSDA etc. They should furnish declaration for not being blacklisted by any authority.

10.3. The Company may also collaborate with other companies for undertaking CSR activities in such a manner that CSR committees of respective companies are in a position to report separately on such projects or programs in accordance with the rules. MoU /Agreement is to be signed for CSR activity/project, wherever required.

The Board of the Company shall satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.

10.4. In case of ongoing project, the Board of Directors of KRCL shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.

10.5. The CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy, which shall include the following, namely:-

(a) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;

(b) the modalities of utilisation of funds and implementation schedules for the projects or programmes;

(c) monitoring and reporting mechanism for the projects or programmes; and

(d) details of need and impact assessment, if any, for the projects undertaken by the company:

The Board of Directors of the Company may alter such plan at any time during the financial year, as per the recommendation of the CSR&S Committee, based on the reasonable justification to that effect.

10.6. Appropriate documentation of the CSR policy, executing partners, project details, expenditure incurred, etc. will be done on a regular basis which will be available for monitoring and audit purpose as and when required.

10.7. Once the project is approved, an agreement or MOU will be entered with each of the executing/implementing agency as per the Model Agreement or MOU. The said MOU will specify modalities of execution of projects or programs and implementation schedule for same. The monitoring process of the projects or programs will also be provided therein.

10.8. Transfer of unspent CSR amount. - Until a fund is specified in Schedule VII for the purposes of subsection (5) and (6) of section 135 of the Act, the unspent CSR amount, if any, shall be transferred by the company to any fund included in schedule VII of the Act.

11. EVALUATION/IMPACT ASSESSMENT & FEEDBACK FROM BENEFICIARIES

Test of the success of any CSR activity shall be its social, economic, environmental impact thereof and outcome related to objective set at the time of need assessment study. As impact assessment study requires specialized skills and tools for advocacy, research may be carried out by specialized agency or obtained from the Beneficiary or carried out in-house by KRCL, as the case may be.

12. CSR REPORTING AND DISCLOSURE

12.1. Performance of CSR&S activities to be monitored on a regular basis in terms of milestones, expenditure and physical progress/quality of works undertaken.

12.2. Quarterly progress reports on CSR initiatives to be submitted to Nodal Officer who will scrutinize reports for delays, if any, proper utilization of funds and monitor progress against milestones and budget estimates as sanctioned. The report will be put up to CSR&S Committee / BoD for review and approval. .

12.3. The composition of the CSR Committee, and CSR Policy and Projects approved by the Board will be uploaded on Company's website and published in Company's Annual Report as per format given below:

**FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE
BOARD'S REPORT
FOR FINANCIAL YEAR COMMENCING ON OR AFTER THE 1ST DAY OF APRIL,
2020**

1. Brief outline on CSR Policy of the Company:
2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year

3. Provide the web-link(s) where Composition of CSR Committee, CSR Policy and CSR Projects approved by the board are disclosed on the website of the company.

4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable.

5. (a) Average net profit of the company as per sub-section (5) of section 135.

(b) Two percent of average net profit of the company as per sub-section (5) of section 135.

(c) Surplus arising out of the CSR Projects or programs or activities of the previous financial years.

(d) Amount required to be set-off for the financial year, if any.

(e) Total CSR obligation for the financial year [(b)+(c)-(d)].

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project).

(b) Amount spent in Administrative Overheads.

(c) Amount spent on Impact Assessment, if applicable.

(d) Total amount spent for the Financial Year [(a)+(b)+(c)].

(e) CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer.	Name of the Fund	Amount	Date of transfer.

(f) Excess amount for set-off, if any:

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	

(ii)	Total amount spent for the Financial Year	
(iii)	Excess amount spent for the financial year [(ii)-(i)]	
(iv)	Surplus arising out of the CSR projects or programs or activities of the previous financial years, if any	
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	

7. Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under section 135(6) (in ₹)	Balance Amount in Unspent CSR Account under Section 135(6) (in ₹)	Amount spent in the Financial Year (in ₹)	Amount transferred to a fund as specified under Schedule VII as per second proviso to section 135(5), if any.		Amount remaining to be spent in succeeding financial years. (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of transfer		
1.	FY-1							
2.	FY-2							
3.	FY-3							

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Yes No

If Yes, enter the number of Capital assets created/ acquired

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pin code of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
					CSR Registration number, if applicable	Name	Registered address

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per subsection (5) of section 135.

Sd/- (Chief Executive Officer or Managing Director or Director).	Sd/- (Chairman CSR Committee)	Sd/- [Person specified under clause (d) of sub-section (1) of section 380] (Wherever applicable)
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