

# Avadh Rail Infra Ltd.

## **CORPORATE SOCIAL RESPONSIBILITY POLICY**

Corporate Social Responsibility (CSR) builds a dynamic relationship between a company on one hand and the society and environment on the other, CSR is not charity or mere donations, CSR is a way of conducting business, CSR is traditionally driven by a moral obligation and philanthropic spirit. Over time, it has become an integral part of business. Avadh Rail Infra Limited (“ARIL” or “Company”) has been engaged in charities and philanthropic activities, along with a number of others social activities.

The key objective is to take measures for reducing inequalities faced by socially and economically backward groups.

The Board of Directors of Avadh Rail Infra Ltd has the responsibility of formulating the Corporate Social Responsibility Policy (“Policy”) for the Company, identifying & addressing the progress achieved in the area of Corporate Social Responsibility (“CSR”) & fostering a culture of global responsibility that contributes to the creation of value& making CSR a key business process for sustainable development of the society.

### **1. SHORT TITLE & APPLICABILITY**

This Policy describes and contains the Company’s philosophy for delivering its responsibility as a corporate citizen and lays down the guidelines, process and mechanisms for undertaking socially useful programmes for welfare and sustainable development of the community at large. Titled as the “**Avadh Rail Infra Ltd Limited CSR Policy**”, this Policy has been prepared keeping in mind the Company’s business ethics and the requirements of the Companies Act, 2013 (hereinafter called as “the Act”) and the Companies (Corporate Social Responsibility Policy) Rules, 2014, notified by the Ministry of Corporate Affairs vide Notification dated 27th February, 2014. Notwithstanding any provision mentioned in this Policy, any change thereto with respect to the legal framework of Corporate Social Responsibility as specified in Section 135 of the Companies Act, 2013 read with relevant rules, shall have effect including the statutory amendment and modifications thereto in the legal provisions.

### **2. DEFINITIONS**

2.1 ‘Act’ means the Companies Act, 2013;

2.2 ‘Board’ means the Board of Directors of Avadh Rail Infra Ltd Limited;

2.3 ‘Company’ means Avadh Rail Infra Ltd Limited;

2.4 ‘Corporate Social Responsibility (CSR)’ means and include but not limited to the activities as specified in this policy pursuant to Schedule- VII of the Act, but contribution directly or indirectly to the political party, business done by the Company in its normal course, activities only for the benefit of employees and activities done outside India will not be considered as CSR activity;

2.5 'CSR Expenditure' shall include all expenditure including contribution to corpus, or on projects or programs relating to CSR activities specified in this policy as approved by Board on recommendation of Board;

2.6 'Board' means the committee constituted under the provisions of Section 135 of the Act;

2.7 'Directors' shall mean the directors of the Company;

2.8 '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.

### **3 CSR VISION STATEMENT & OBJECTIVE**

Corporate Social Responsibility is a form of corporate self-regulation integrated into a business model. Therefore, the Policy will function as a built-in, self-regulating mechanism whereby the business will monitor and ensure its active compliance with the spirit of law, ethical standards and international norms. The main objective of the Policy is to establish the basic principles and the general framework of action for the management to undertake and fulfil its corporate social responsibility.

### **4 CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

Composition: Not mandatorily required as the exposure of expenditures is below 50 Lacs per annum.

### **5 RESOURCES**

For achieving its CSR objectives through implementation of meaningful and sustainable CSR programs, the Company will allocate 2% of its average net profits made during the 3 immediately preceding financial years as its Annual CSR Budget.

The Annual CSR Budget shall be spent on activities laid down in this Policy. CSR expenditure shall include all expenditure including contribution to corpus of flagship projects, projects or programs relating to CSR activities as per CSR policy, but does not include any expenditure on an item not in conformity with the CSR Policy.

### **6 CSR ACTIVITIES**

The scope of the CSR activities of the Company will cover the following areas but not be limited to the same and may extend to other specific projects/ programs as permitted under the law from time to time:

- a. Eradicating hunger, poverty and malnutrition;
- b. Promoting health care
- c. Making available safe drinking water & Sanitation;
- d. Promoting education

- e. Enhancing vocational skills & livelihood enhancement projects;
- f. Women empowerment;
- g. Promoting of home and hostels for women and orphans;
- h. Reducing inequality faced by socially and economically backward groups;**
- i. Animal welfare /animal care;
- j. Promoting Art & Culture;
- k. Contribution to Prime Minister Relief Fund;
- l. Rural development projects; and
- m. Any other areas as may be identified by the Board from time to time.

## **7 UTILIZATION OF FUND**

The CSR projects or programs or activities undertaken by the Company as per the Company's CSR Policy in India only, shall amount to CSR Expenditure in accordance with the provisions of sub-section (5) of section 135 of the Act.

The Company will prefer to take up projects for spending the amount earmarked for CSR at local areas and regions where the Company operates. All expenses and contributions for CSR activities will be made after approval from the Chairman of the Board, which would then be placed before the forthcoming Board for noting and record. The Chairman will ensure that the expenses/contribution and donation will be in full compliance of the CSR Policy.

## **8 SURPLUS ARISING FROM CSR ACTIVITY**

The surplus arising from CSR projects, programs or activities shall not form part of the business profit of the Company and shall be utilized for CSR activities only.

## **9 OFFICERS FOR IMPLEMENTATION**

The Company shall appoint officers at its business places to undertake, supervise and monitor the CSR activities and expenditures. Such officers will be responsible to ensure that the expenditures are made in full compliance with this policy. They will submit periodical report to the Committee.

The Company shall ensure that these officers have CSR capacities of their own and if required, they will be given the requisite training to undertake these tasks. The Company may also appoint implementing agencies like charitable trusts and NGOs/ Institutions with established track records of at least three financial years. However, expenditure on building capabilities internally or externally shall not exceed 5 percent of total CSR expenditure of the company in a financial year.

## **10 AGENCY FOR IMPLEMENTATION**

The Company may undertake its CSR activities approved by the Board directly or through a Registered Trust or a registered society or a company established by the Company under section 8 of the Act. Provided that –

- a. 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 at least 3 years in undertaking similar programs or projects; and

b. The Company shall specify the project or programs to be undertaken through these entities, modalities of utilization of funds on such projects and programs.

## **11 IMPLEMENTATION PROCESS**

11.1 Identification studies by the Senior Management/ professional institutions/agencies to identify the CSR program in line with the Policy;

11.2 Internal need assessment by cross functional teams at the local level;

11.3 Receipt of proposals/requests from charitable institutions and NGOs;

11.4 Suggestions from the Board of Directors/senior management level;

11.5 Implementation of CSR program.

## **12 EXCLUSIONS**

12.1 The CSR activities shall be undertaken by the Company, and shall not include the activities undertaken in pursuance of its normal course of business.

12.2 Any contribution, director indirect, to any political party, shall not be considered a CSR Expenditure.

12.3 The CSR projects or programs or activities that benefit exclusively the employees of the Company, and their families, shall not be considered as CSR activities in accordance with this Policy.

## **13 CSR PROGRAMS**

13.1. CSR programs will be undertaken by various work centres i.e. Corporate office, units and other business places of the Company in India to the best possible extent within the defined ambit of the identified Project/ Program.

13.2. The time period/duration over which a particular program will be spread, will depend on its nature, extent of coverage and the intended impact of the program.

13.3. Programs which involve considerable financial commitment and are undertaken on a time frame of more than 2 years, will be considered as 'flagship program' and accorded enhanced significance. For such flagship programs, the Company shall create a dedicated fund which shall be kept in a separate bank account. Income, if any, arising from such fund should be utilised for CSR activities only. Such contribution to the flagship fund shall be considered as CSR expenditure for the respective year.

## **14 MONITORING AND FEEDBACK**

14.1 To ensure effective implementation of the CSR programs undertaken at each work centre, a monitoring mechanism will be put in place by the work centre head.

14.2 The progress of CSR programs under implementation at work centre will be reported to corporate office on a monthly basis.

14.3 The report on progress on the CSR program undertaken by the Company will be put forward to the Board with full details of cost incurred and results achieved on a regular basis.

14.4 Work centres and zonal office will try to obtain feedback from beneficiaries about the programs implemented at the area.

14.5 Appropriate documentation of the Company's CSR activities, executing partners, and expenditure entailed will be undertaken on a regular basis.

14.6 CSR initiatives of the Company will be reported in the Annual Report of the Company & the Board's Report in compliance with Section 135 and rules made thereunder.

## **15 DISCLOSURES**

The Board's report, being a part of the Annual Report shall disclose the composition of the Corporate Social Responsibility Committee, the contents of such policy and the CSR initiatives undertaken. This CSR Policy shall also be placed on the website of the Company.

## **16 MISCELLANEOUS**

In case of any doubt with regard to any provision of the Policy and also in respect of matters not covered herein, a reference shall be made to Board. In all such matters, the interpretation & decision of the Committee shall be final. Any or all provisions of the CSR Policy would be subject to revision / amendment in accordance with the guidelines on the subject as may be issued from Government, from time to time. The Board reserves the right to modify, add, or amend any of provisions of this Policy subject to approval of the Board."

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