

## **Corporate Social Responsibility Policy of Gateway Rail Freight Limited**

### **Preamble:**

Corporate Social Responsibility (CSR) encompasses the entire process by which a Company defines, develop and demonstrate its commitment towards its stakeholders. CSR policy lays down guidelines and mechanism for undertaking social welfare programs & sustainable development for the benefit of different segments of the society and in particular for those who are downtrodden and are at the bottom of the pyramid.

#### 1. Definitions :

- a) Act: Act means Companies Act 2013 including any amendment thereto;
- b) Administrative Expenses: Administrative Expenses means the expenses incurred by the company for 'general management and administration' of Corporate Social Responsibility functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme;
- c) Company: Company means "GatewayRail Freight Limited" hereinafter termed as (GatewayRail).
- d) **Corporate Social Responsibility (CSR)** means the activities undertaken by a Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in the Companies (Corporate Social Responsibility Policy), Rules 2014 and Schedule VII of the Companies Act, 2013.
- e) Net Profit means the net profit as defined under the Companies Act read with Rules.
- f) NGO: NGO means Not –for Profit Organization.
- g) **Ongoing Project** means a multi-year project undertaken by a Company in fulfilment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced, and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the board based on reasonable justification;

### **1. Philosophy**

CSR is a concept whereby Companies integrate social and environmental concerns of their business operations and with stakeholder on a voluntary basis.

It recognizing that business enterprises are economic organ of society and draw on societal resources, for GatewayRail Corporate Social Responsibility is a concept whereby it integrates social, infrastructural and environmental concerns in their business operations. GatewayRail recognizes that its business activities have wide impact on the society in which it operates and therefore an effective practice is required giving due consideration to the interest of its stakeholders, local communities etc.

### **2. Scope**

This policy will be applicable to all activities performed as a part of the GatewayRail' s Corporate Social responsibility and will be reviewed and updated regularly. This policy is in line with the CSR

provisions as mentioned under Sec 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 and amendments made thereunder and will serve as a guiding document to help identify, execute and monitor CSR projects in keeping with the spirits of the policy.

### **3. CSR Committee**

GatewayRail shall constitute a committee of the board consisting of three or more directors including at least one independent director. The committee shall meet time to time to review the proper implementation of CSR policy. The following shall be the terms of reference of the committee:

- a. To formulate, modify and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company;
- b. To formulate Company's Strategy on CSR and guiding principles for achieving CSR goals.
- c. To recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- d. To Review and Monitoring of CSR activities which will involve monitoring of the activities as well as the amount spent/ unutilized vis-à-vis CSR Policy. Reporting and information dissemination.
- e. To formulate and recommend to the Board, an annual action plan in pursuance of CSR policy.

### **4. Annual Action Plan**

The Annual Action Plan 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 manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4 of the Companies (Corporate Social Responsibility Policy), Rules 2014;
  - (c) the modalities of utilisation of funds and implementation schedules for the projects or programmes;
  - (d) monitoring and reporting mechanism for the projects or programmes; and
  - (e) details of need and impact assessment, if any, for the projects undertaken by the company:
- Provided that Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.

### **5. Role of Board of Directors:**

- (i) Approve the Corporate Social Responsibility Policy or any amendment or modification thereto for the company after taking into account the recommendations made by the Corporate Social Responsibility Committee.
- (ii) Give requisite disclosures as required under the Companies Act and rules made thereunder.
- (iii) Ensure that the activities included in Corporate Social Responsibility Policy of the company are undertaken by the company.

- (iv) Ensure that the company spends, in every financial year, at least two percent of the average net profits of the company made during the three immediately preceding financial years.
- (v) Ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.

## **6. Budget and Fund Allocation**

For achieving its CSR objectives and sustainable development initiatives, as per Companies Act 2013 and rules made thereunder GatewayRail will allocate the amount as specified under sub-section (5) of section 135 of the Act, as its Annual CSR Budget. While every effort will be made to ensure that minimum annual target to be spent on CSR is achieved; however, if in case any amount of CSR allocation of a particular year remain unspent/unutilised, it will be transferred to a fund specified in schedule VII of the Act.

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

Where the Company spends an amount in excess of requirement provided under sub-section (5) of section 135 , such excess amount may be set off against the requirement to spend under sub-section (5) of section 135 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, if any, in pursuance of sub-rule (2) of this rule.
- (ii) the Board of the company shall pass a resolution to that effect.

## **7. Capital Asset**

The CSR amount may be spent by the 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 under sub-rule (2) of rule 4; or
- (b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
- (c) a public authority.

## **8. CSR Projects**

GatewayRail is vigilant in its enforcement towards corporate principles and is committed towards sustainable development and inclusive growth. The company constantly strives to ensure strong corporate culture which emphasizes on integrating CSR values with business objective. It also pursues initiatives related to quality management, environment preservation and social awareness.

To attain its CSR objectives in a professional manner and integrated manner the Company shall:

- a. In health care our motto is to spread quality health care facility to people living in the rural areas through:
  - i. Making available safe drinking water
  - ii. Sanitary facilities
  - iii. Preventive health through awareness programs
- b. In rural development our motto is to spread the developments in the rural area through:
  - i. Rural employment
  - ii. Rural connectivity
  - iii. Sanitation facilities in the rural areas
  - iv. Partnership with government organizations to achieve above said activities
- c. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- d. Such other activities as may be permitted under Companies Act, 2013 read with relevant rules and notifications, circulars, as may be amended from time to time.

## **9. Guidance**

The GatewayRail's CSR activities shall be driven by Projects & Services under the guidance of CSR Committee. The CSR committee would play a significant role in ensuring that CSR policy implanted in GatewayRail's operation and CSR initiative are in line with the policy.

## **10. Mode to undertake CSR activities:**

1. The Board or CSR Committee of a company may decide to undertake its CSR activities through following mode:
  - (i) GatewayRail to undertake CSR projects itself, since in house expertise is available; or
  - (ii) 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 the company, either singly or along with any other company, or
  - (iii) 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
  - (iv) any entity established under an Act of Parliament or a State legislature; or
  - (v) 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
2. The Company may engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy as well as for capacity building of their own personnel for CSR.

3. The Company may also collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or programmes in accordance with these rules.

4. The Board 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.

## **11. Implementation**

To govern and oversee the CSR policy will be responsibility of the CSR Committee of the board. CSR committee will regularly review the policy and make the necessary changes in the policy.

Arising from this the focus areas that have emerged are Health care, Infrastructure development, and espousing social causes. Chairman of CSR Committee takes on the role of the mentor, while the onus for the successful and time bound implementation of the projects is on the CEO of the Company.

In case of ongoing project, the Board 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.

## **12. Monitoring**

The Committee will ensure a transparent mechanism to review and monitor the progress of activities that are undertaken / completed. The Chairman of the Committee will submit the Progress report to the Board of Directors of the Company. The Committee will also ensure appropriate documentation of CSR Policy, annual CSR activities/ initiatives undertaken, along with details of Project wise expenditure.

## **11. Reporting**

CSR activities shall be reported in the Director's Report of Gateway Rail Freight Ltd. in the format as mentioned in the Act or as per any other statutory reporting requirement.

Disclosures of CSR Policy, expenditure and other matters incidental to CSR under the provisions of Companies Act, 2013 and CSR Rules:

- (i) The Board Report (as per section 134 of the Companies Act, 2013 ) of the company shall provide an annual report on CSR containing particulars as specified under the Companies Act 2013.
- (ii) The Board Report of each year shall also disclose about the composition of the CSR Committee, average net profit for the last three years, prescribed CSR expenditure, details of CSR spending during the year and a responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance of CSR objectives and Policy of the company.

- (iii) Display of the Composition of the CSR Committee, CSR Policy and the Projects approved by the Board or in the manner provided under the Act and rules made thereunder on the website of company.

## **12. Impact Assessment**

In case in the three immediately preceding financial years, the CSR expenditure to be done by the Company is Ten crore rupees or more in pursuance of subsection (5) of section 135 of the Act, the Company shall undertake impact assessment, through an independent agency, of the 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.

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

## **13. Amendment in the Policy**

The Board of the Company may amend this policy on recommendations of CSR committee of the Company. The CSR Committee shall review the policy from time to time to ensure the effectiveness of the policy.

## **14. Management Commitment**

Our Board of Directors, Management and the employees subscribe to the philosophy of compassionate care. We believe and act on an ethos of generosity and compassion, characterized by a willingness to build a society that works for everyone. This is the cornerstone of our CSR policy.

Our Corporate Social Responsibility policy conforms to the Corporate Social Responsibility Guidelines spelt out by the Ministry of Corporate Affairs.