

Corporate Social  
Responsibility (CSR) and  
Sustainability  
Policy  
of  
Indian Railway Catering  
and Tourism Corporation  
Limited  
(IRCTC)

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## 1.0 Preface

- 1.1 The Companies Act, 2013 provides specific provisions for CSR under Section 135 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 issued by the Ministry of Corporate Affairs vide notification dated 27.02.2014.
- 1.2 Section 135 of the Companies act 2013 and the rules made there under have been made applicable from 1<sup>st</sup> April, 2014 necessitated changes in CSR & Sustainability Policy of IRCTC. Accordingly, CSR & Sustainability Policy of IRCTC has been amended and approved by the Board of Directors in its 71<sup>st</sup> meeting held on 17.02.2015.
- 1.3 Department of Public Enterprises also vide its OM No. 15 (13)/2013-DPE(GM) dated 21<sup>st</sup> October, 2014 has released fresh guidelines on CSR in supersession of earlier guidelines and has also provided that the guidelines made by CPSES in this regard will be in conformity with Companies Act 2013 and rules made thereunder.
- 1.4 Accordingly, the CSR and Sustainability Policy of the Company has been modified as approved by the Board of Directors in its 65<sup>th</sup> meeting held on 20<sup>th</sup> December, 2013. The Policy is issued in supersession of the earlier Policy and all other related documents.

## 2.0 Introduction

- 2.1 Indian Railway Catering and Tourism Corporation Limited (hereinafter referred as “IRCTC”) is a Miniratna Category –I Central Public Sector Enterprise falling under the administrative control of Ministry of Railways, Govt. of India. The Company is committed to implement Corporate Social Responsibility & Sustainability activities in a planned and time bound manner.
- 2.2 Corporate Social Responsibility (hereinafter referred as CSR) & Sustainability are essential components of Corporate Governance. The emerging concept of CSR & Sustainability goes beyond charity and requires the company to act beyond its legal obligations and to integrate social, environmental and ethical concerns into company’s business process
- 2.3 This policy encompasses IRCTC’s philosophy for delineating its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of the community at large, is titled as the ‘ IRCTC’s CSR Policy’.
- 2.4 IRCTC’s commitment towards stakeholders is confirmed through its Corporate Mission, Vision and the policies being adopted by the organization

- 2.4 This policy shall apply to all CSR initiatives and activities taken up at the various zones and locations of IRCTC, for the benefit of different segments of the society, specifically the deprived, under-privileged and differently abled persons.
- 2.5 Since CSR includes Sustainability activities also in accordance with Schedule VII of the Companies Act, this CSR Policy shall be taken at par as CSR cum Sustainable Development Policy. This Policy also fulfills the requirement of DPE Guideline on CSR and Sustainability and is to be treated as CSR and Sustainability Policy in compliance with DPE Guidelines.

### 3.0 Preamble

- 3.1 The CSR Policy of the Company has been drafted in light of the following:
- (a) Section 135 of the Companies Act 2013
  - (b) Companies (Corporate Social Responsibility ) Rules 2014;
  - (c) The circulars and notifications issued by the Ministry of Corporate Affairs from time to time;
  - (d) Guidelines issued by the Department of Public Enterprises from time to time.
- 3.2 Whenever any amendments are made in DPE's guidelines and provisions of Companies Act, 2013 and rules made there-under on the subject, the same shall be duly incorporated in the policy document. Any modification/ amendment in the policy document would be carried out by Board Level Committee on CSR & SD subject to approval of BoD.

### 4.0 CSR Policy Statement:

In alignment of Company's Vision and Mission as mentioned below:

#### Vision

***"To be the leading provider of high quality travel, tourism and hospitality related services, for a range of customer segments, with consistently high level of customer satisfaction."***

#### Mission

***"IRCTC will establish itself as a leader in the area(s) of hospitality services , Travel and Tourism, packaged drinking water, and Internet Ticketing by providing value added products and services for passengers, tourists and other customers, targeting IR and Non-IR related services alike, building a resilient business portfolio that is scalable and based on core competence."***

IRCTC through its CSR & Sustainability initiatives will endeavor to achieve the below-mentioned key Value behind CSR & Sustainability Policy:

***“To remain a responsible corporate entity mindful of its social responsibilities to all stakeholders including railway passengers, customers, consumers, shareholders, employees, local community and society at large”.***

#### **4.0 Objectives and Scope:**

CSR & Sustainability activities are being implemented to meet the broad objectives underlined in the Policy:

- a. Focus on periphery of project areas of IRCTC/local areas of the zones/ units of the Company as the case may be. For the purpose of the policy, Local Area would constitute of the area(s) falling in the vicinity of the Zones/Plants and locations, where IRCTC carries out its business.
- b. To ensure an increased commitment at all levels in the organisation, to operate its business in an economically, socially & environmentally sustainable manner, while recognising the interests of all its stakeholders.
- c. To directly or indirectly take up programmes that benefit the local communities in & around its area of operations and results, over a period of time, in enhancing the quality of life & economic well-being of the local populace.
- d. To generate, through its CSR initiatives, a community goodwill for IRCTC and help reinforce a positive & socially responsible image of IRCTC as a corporate entity
- e. Inclusive growth of society with emphasis on development of weaker sections of society and in the backward districts of the country ;

#### **5.0 Planning of CSR & Sustainability activities/ Selection of Projects.**

The following parameters will be taken care of while planning of CSR and Sustainability activities and selection of projects thereof:

- 5.1 In accordance with Rule 4 of the Companies (Corporate Social Responsibility) Rules, 2014, the CSR activities will be undertaken by the Company as per the Policy and the projects or programmes or activities (either new or ongoing), excluding activities undertaken in pursuance of its normal course of business. Further, in accordance to sub rule 2 of Rule 4 of Companies Rules, the Board

of a company may decide to undertake its CSR activities approved by the CSR Committee, through a registered trust or a registered society or a company established by the company or its holding or subsidiary or associate company under section 8 of the Act or otherwise.

- 5.2 While selecting CSR activities / projects from the activities listed in Schedule VII of the Act, IRCTC would give priority to the issues which are of foremost concern in the national development agenda, like safe drinking water for all, provision of toilets especially for girls, health and sanitation, education, etc. The main focus of CSR and Sustainability policy of IRCTC would be on sustainable development and inclusive growth, and to address the basic needs of the deprived, under privileged, neglected and weaker sections of the society which comprise of SC, ST, OBCs, minorities, BPL families, old and aged, women / girl child, physically challenged, etc.
- 5.3 In selection of activities, the focus would be on the projects having high social, economic and environmental impact.
- 5.4 As far as possible, IRCTC would take up the CSR activities in project, which entails planning the stages of execution in advance by fixing targets at different milestones, with pre-estimation of quantum of resources required within the allocated budget, and having a definite time span for achieving desired outcomes.
- 5.5 Ongoing CSR and Sustainability projects or programmes or activities will qualify as valid CSR activities and will be completed as approved.
- 5.6 CSR & Sustainability projects/activities should be undertaken in the periphery where IRCTC carries out its commercial activities as far as possible. Where this is not possible or applicable, IRCTC may choose to locate CSR & Sustainability projects anywhere in the country by providing justification in writing after the same is duly recommended by the CSR Committee and is approved by the Board of Directors.
- 5.7 Selection or choice of CSR & Sustainability projects will not be adhoc, onetime, philanthropic activities which do not contribute in any way to social value creation, environment protection or sustainable development.
- 5.8 IRCTC initiatives should be focused on capacity building, skilled development and infrastructure development for benefits of the marginalized and under privileged section of local communities and also in backward regions.
- 5.9 As per the sub-rule (3) of Rule 4 of Companies (Corporate Social Responsibility) Rules, 2014, for optimal use of resources, the Company may

collaborate with other companies for undertaking projects or programmes which will have greater visibility, more number of beneficiaries and long term visible impact shall be preferred. It will act as an agency to ensure delivery of services satisfying strongly felt social, environmental and community needs rather than merely financing and funding of programmes.

- 5.10 CSR & Sustainability Plans would also be required to clearly specify the implementation guidelines and the involvement of the implementing agency. The procedures and methodologies prescribed for monitoring would be required to be highlighted as well as the modalities of the concurrent and final evaluation. Finally, there should be a clear specification regarding mandatory documentation of the experience.
- 5.11 Each of above mentioned plans would clearly specify requirements relating to baseline survey, activities to be undertaken, budgets allocated, time-lines prescribed, responsibilities and authorities defined and major results expected.
- 5.12 The approach of IRCTC towards CSR & Sustainability would be oriented to identify and formulate projects in response to felt societal & environmental needs in diverse areas and to implement them with full involvement and commitment in a time bound manner.

## **6.0 Key Areas for CSR and Sustainability activities of IRCTC**

- 6.1 As a responsible corporate entity, IRCTC will consistently strive for opportunities to meet the expectation of its stake holders by pursuing the concept of CSR and Sustainable Development, including but not limited to, with focus on the following.
- 6.2 CSR & Sustainability Policy includes but is not limited to projects or programs relating to activities specified in Schedule VII to the Act; or Projects or programs relating to activities undertaken by the BoD of a company in pursuance of recommendations of the CSR Committee of the Board as per declared CSR & Sustainability Policy of the company subject to the condition that such policy will cover subjects enumerated in Schedule VII of the Act as enclosed at **Annexure-I**.
- 6.3 If the CPSEs feel the necessity of taking up new CSR activities / projects during the course of a year, which are in addition to the CSR activities already incorporated in the CSR policy of the company, the Board's approval of such additional CSR activities would be treated as amendment to the policy.

## 6.1 Activities not covered under CSR

- i) The CSR & Sustainability activities do not include the activities undertaken in pursuance of normal course of business of IRCTC.
- ii) Activities and expenditure related to staff benefits will not count as CSR & Sustainability activities except salaries paid by the companies to regular CSR staff as well as to volunteers of the companies (in proportion to company's time/hours spent specifically on CSR) can be factored into CSR project cost as part of the CSR expenditure.
- iii) Also grants to organizations/ institutions that are not specifically Implementing CSR & Sustainability projects specified by IRCTC would not count as CSR.
- iv) One-off events such as marathons/ awards/ charitable contribution/ advertisement/ sponsorships of TV programmes etc. would not be qualified as part of CSR expenditure.
- v) Expenses incurred by companies for the fulfillment of any Act/ Statute of regulations (such as Labour Laws, Land Acquisition Act etc.) would not count as CSR expenditure under the Companies Act.
- vi) Expenses incurred by companies for undertaking activities which are established functions of the Government.

## 7.0 Organizational Structure

7.1 The Company has two Tier organization structure to steer CSR and Sustainability agenda and to ensure implementation of activities and utilization of funds in a time bound manner as mentioned below.

- (i) **Tier-I:** Board Level Committee headed by the Chairman and Managing Director / Independent Director and;
- (ii) **Tier-II:** Below Board level Committee headed by the Nodal Officer

## 7.2 Tier-I: Board Level CSR and Sustainability Committee (BLC)

### ❖ Composition:

- |                            |                              |   |             |
|----------------------------|------------------------------|---|-------------|
| a. Sh. M.P. Mallik         | Chairman & Managing Director | : | Chairperson |
| b. Umt. Smita Rawat        | Government Director          | : | Member      |
| c. Dr. R. N. Bohidar,      | Independent Director         | : | Member      |
| d. Dr. Dheeraj Sharma,     | Independent Director         | : | Member      |
| e. Prof. Sachin Chaturvedi |                              | : | Member      |

The Company Secretary will be the Secretary of the Committee.



The quorum shall be either two members or one-third of the total members, whichever is greater, but there should be a minimum of one Independent Director present.

❖ **Role of the BLC**

- (i) To formulate and recommend to the BoD, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of Companies Act, 2013.
- (ii) The Committee will be overall in charge for identification, selection, formulation, recommendation, approval, execution, planning, supervision, coordination and monitoring of various programmes and activities under CSR & Sustainability;
- (iii) To recommend the amount of expenditure to be incurred on the activities referred in Schedule VII of Companies Act, 2013;
- (iv) To monitor the Corporate Social Responsibility Policy of the company from time to time;
- (v) To consider recommend and approve various Schemes/Projects received from various quarters for financial assistance as put up before it by the Below Board level Committee/ Nodal officer for CSR after scrutiny;
- (vi) To organize training workshops and seminars for better implementation in consultation with CMD;
- (vii) To ensure receipt of Utilization Certificates along with statement of expenditure duly certified by an Authorized Auditor, from the organizations/institutions to whom CSR Fund is allocated;

## 7.2 Tier-II: Below Board Level Committee

The Committee will be headed by an officer of one rank lower to the Board level to function as the Nodal Officer. The designated nodal officer will have a team of officials to assist him / her in co-ordination work, which will in no way detract from the importance of CSR and Sustainability work in which all the supervisory staff in all departments would be continuously engaged in.

❖ **Composition:**

The composition of Tier-II -- Below Board level Committee may comprise of three members (including the Nodal officer as Chairperson), second member to be inducted from representative(s) of departments depending upon the nature of project being undertaken and will include a member from Finance being third member.

CMD/IRCTC will be the competent authority to nominate/change/ replace the members of the above-mentioned Committee

❖ **Role of Tier-II Below Board level Committee :**

To provide necessary assistance to the Board Level Committee on CSR & SD in identification, finalization, implementation and monitoring of various activities/ schemes /projects / programmes under CSR and Sustainability. Role of such committee may be increased, from time to time, subject to need and the approval of BLC.

**8.0 Budget and Expenditure :**

- The CSR – SD Budget would be fixed for each financial year through a Board resolution for the activities to be carried out during the year, in accordance with section 135 of Companies Act 2013 and the Companies (Corporate Social Responsibility Policy Rules, 2014 and the guidelines issued by DPE, as amended from time to time .
- The expenditure on CSR and SD activities shall be at least 2% of the average net profits of the company made during the three immediately preceding financial years.
- “Net Profit” means the net profit of a company as per its financial statements prepared in accordance with section 198 of the Act or any other applicable provision, 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:
- The efforts would be made that budget allocated for CSR and Sustainability activities / projects planned for each financial year is spent within that year itself.
- If due to some exceptional circumstances, the budget of a year remains unutilized/unspent, the reasons for not being able to spend the entire budget on CSR and Sustainability activities as planned for that year shall be part of Director’s Report. Further, the amount would not lapse. It would instead be carried forward to the next year for utilisation for the purpose for which it was allocated
- Upto 5% of the annual budget for CSR and Sustainability activities has to be earmarked for Emergency needs, which would include relief work undertaken during natural calamities / disasters, and contributions towards Prime Minister’s / Chief Minister’s Relief Funds and/or to the National Disaster Management Authority etc.
- The expenditure incurred on brochure, Surveying, Sustainability reporting, capacity building programme such as training, workshops, seminar etc. and on communication strategies for engagement of all stakeholders will be accounted for CSR-SD.

- Further, expenditure incurred by IRCTC in availing the services of the NCSR Hub for implementation of their CSR and Sustainability activities would be treated as a part of expenditure under Budgetary Head.
- CSR expenditure shall include contribution to corpus of a Trust/ society/ Section 8 companies created exclusively for undertaking CSR projects or programs approved by BoD
- CSR expenditure shall include all expenditure including contribution to corpus for projects or programs relating to CSR activities approved by the BoD on the recommendation of its BLC, but do not include any expenditure on an item not in conformity or not in line with activities which fall within the purview of Schedule VII of the Act.

## 9.0 Implementation, Monitoring Evaluation and Impact Assessment

### ***Implementation***

- (i) CSR and Sustainability activities will be implemented within the organization through the active involvement of the employees after following the due procedure and transparency norms.
- (ii) In cases , where IRCTC does not have the in-house expertise, the services of the following specialized external agencies may be obtained, including but not limited to :
  - a. Voluntary Agencies (NGOs)
  - b. Institutes / Academic Organizations
  - c. Government, Semi-Government, autonomous Organizations or subsidiaries.
  - d. Professional Consultancy Organizations, etc.
  - e. Stranding Conference of Public Enterprises (SCOPE)
  - f. Not for Profit Organizations (NGOs)

### ***Monitoring***

- (i) As monitoring of activities is of paramount importance, the Board Level Committee on CSR & SD will keep a watchful eye on the implementation of the CSR projects or activities being undertaken..
- (ii) The quarterly reports will be submitted by BLC to the Board of Directors regarding the implementation progress on CSR & Sustainability activities.

### ***Evaluation and Impact Assessment:***

- (i) As impact assessment study requires specialized skills and tools for advocacy research, it may be carried out by specialized agency
- (ii) Monitoring and implementation of various CSR & Sustainability activities may be done by the Company. However, evaluation and impact assessment of the activities will be got done through a suitable independent External Agency.

- (iii) While assessing CSR & Sustainability projects through specialized agencies, every possible effort would be made to verify the reliability and clean track record of such agencies and their selection would be done following the procurement guidelines as per Company Policy, unless and until a special policy is evolved with BoD approval for CSR & Sustainability activities.

## 10.0 Documentation and Reporting

- (i) The Company will include a separate report in its Annual Report reflecting the implementation of CSR & Sustainability activities in accordance with the Rule 8 of Companies (Corporate Social Responsibility) Rules 2014. The format of the report is placed as **Annexure-II**.
- (ii) The Board's report under sub-section (3) of section 134 shall disclose the composition of the Corporate Social Responsibility Committee.
- (iii) the CSR Committee will issue a Responsibility Statement signed by Chairman and Managing Director, Chairman of the CSR Committee
- (i) Meticulous documentation relating to CSR & Sustainability approaches, policies, programmes, major milestones etc would be prepared and included in the Internal Reports, brochures, newsletters of the Company.
- (ii) The policy on CSR & Sustainability and the activities carried out under it, also be uploaded on the website of the Company ([www.irctc.com](http://www.irctc.com)). Efforts will be made to make the whole process transparent as far as possible.

## 11.0 General/Amendment

- i) The policy will be subject to changes as per Government Guidelines and Regulations and provisions of Companies Act, 2013 and rules made there under.
- ii) The modification/amendment in the CSR policy will be approved by the Board of Directors as and when recommended by the Board level CSR and SD Committee.
- iii) The Policy would serve as the Referral document for planning and selection of CSR activities. However, in case of any doubt/issue, cross reference to the Companies Act 2013 and corresponding rules is advised to avoid any inconsistency with the latter.

## **Annexure-I**

### **The following key areas are identified for implementation of CSR activities as per Schedule VII of the Companies Act, 2013:-**

- (i) eradicating hunger, poverty and malnutrition, 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, agro forestry, 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 arts and handicrafts;
- (vi) measures for the benefit of armed forced veterans, war widows and their dependents;
- (vii) training to promote rural sports, nationally recognized sports, Paralympics sports and Olympic sports;
- (viii) contribution to 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 schedule castes, the schedule tribes, other backward classes, minorities and women; contributions or funds provided to technology incubators located within academic institutions which are approved by the central government;
- (ix) rural development projects.
- (x) Slum area projects
- (xi) Any other project/activity as may be prescribed by Ministry of Corporate Affairs, Department of Public Enterprises or any statutory body from time to time

## Annexure-II

### **FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT**

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.
2. The Composition of the CSR Committee.
3. Average net profit of the company for last three financial years
4. Prescribed CSR Expenditure (two per cent. Of the amount as in item 3 above)
5. Details of CSR spent during the financial year.
  - (a) Total amount to be spent for the financial year;
  - (b) Amount unspent , if any;
  - (c) Manner in which the amount spent during the financial year is detailed below.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	CSR project or activity identified.	Sector in which the Project is covered	Projects or programs (1) Local area or other  (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs  <b>Sub-heads:</b>  (1)Direct expenditure on projects or programs.  (2)Overhead s:	Cumulative expenditure upto to the reporting period.	Amount spent: Direct or through implementing agency
1							

2							
3							
	<b>TOTAL</b>						

\*Give details of implementing agency:

6. In case the company has failed to spend the two per cent. of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.
7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

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 of the Act)  (wherever applicable)
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