



# **National High Speed Rail Corporation Limited**

(NHSRCL)

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## **Corporate Social Responsibility Policy**

[Amended up to August 2019]

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# Corporate Social Responsibility (CSR) Policy of NHRCL

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## Table of Contents

Background:.....	1
Vision .....	1
Mission .....	1
Objectives of CSR policy .....	1
Thrust areas for CSR: .....	1
Activities not termed as CSR: .....	2
CSR implementation structure .....	2
<i>Board Level CSR Committee</i> .....	2
<i>Nodal officer</i> .....	3
<i>Project Office/ Field Level CSR Structure</i> .....	3
Budget and Expenditure:.....	4
Implementation of CSR activities .....	4
Selection of project for CSR activities .....	5
Monitoring of CSR activities .....	6
Evaluation / Impact Assessment of CSR activities.....	6
Reporting and Disclosure: .....	6
Amendment / clarification: .....	6
Annexure 1: Schedule VII of the Companies Act, 2013 (as amended).....	7
Annexure 2: Details required from the Proposer of CSR Activity(ies) .....	8
Annexure 3: Report on Corporate Social Responsibility (CSR) Activities.....	9



## CSR Policy of NHRCL\*

### **Background:**

1. National High Speed Rail Corporation Limited (NHRCL), a joint venture company between Government of India and participating States i.e. Government of Maharashtra (GoM) and Government of Gujarat (GoG), was incorporated on 12<sup>th</sup> February 2016 under the Companies Act, 2013. NHRCL is a government company responsible for constructing and maintaining the Mumbai Ahmadabad High Speed Rail project.
2. This Corporate Social Responsibility (CSR) Policy is in accordance with, the provisions of the Section 135 of Companies Act, 2013 (the Act) and the Companies (CSR Policy) Rules, 2014 (Rules) notified by Ministry of Corporate Affairs, Government of India.

### **Vision**

3. As a responsible corporate entity, NHRCL would remain committed to the concept of CSR for the uplift and betterment of society.

### **Mission**

4. NHRCL endeavours to conduct its business in a socially responsible manner by maintaining highest standards for ethics, inclusiveness, transparency and governance, through committed involvement of its employees /partners. NHRCL will work towards promoting sustainable development in the country.

### **Objectives of CSR policy**

5. The objectives of this policy are:
  - To identify the areas of activity, keeping in mind stakeholders' expectations, which are outcome-based & impact-oriented in selected areas, projects or programs which NHRCL plans to undertake for CSR;
  - Modalities of execution of such CSR projects or programs;
  - To monitor process of such CSR projects or programs.
  - Create adequately empowered organisational structure for the above purpose.

### **Thrust areas for CSR:**

6. The Company would take up CSR works / projects in areas or subjects listed out in Schedule VII of the Companies Act, 2013 (as amended from time to time), copy placed at **Annexure-1**. The entries in the said Schedule VII must be interpreted liberally so as to capture the essence of the subjects enumerated in the said Schedule. In view of this, the Company may take up any other activities as directed by the Board which is falling within the category of Schedule VII of the Companies Act 2013.

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\* Approved by the BoD at meeting held on 1<sup>st</sup> July 2019.



7. In the above thrust areas priority will be given to the under privileged, neglected and weaker sections of the society. NHRCL shall give preference to the habitants of the operational areas for spending the amount earmarked for CSR activities. The term "Operational Areas" in this Policy would mean the district in which the NHRCL constructs/maintains/operates and the districts contiguous thereto.

**Activities not termed as CSR:**

8. The following areas shall not be considered as CSR activities or projects or programs:
- (a) Activities undertaken in pursuance of normal course of business of Company;
  - (b) Projects/ programs / activities that benefit only the employees of the Company and their families;
  - (c) Contribution of any amount, directly or indirectly, to any political party under section 182 of the Companies Act;
  - (d) CSR projects/ programs / activities undertaken outside India;
  - (e) Expenses incurred for the fulfilment of any Act/ Statute of Regulations (such as Labour laws, land acquisition, etc.);
  - (f) One-off events such as marathons/ awards/ charitable contributions/ advertisement/ sponsorship of TV Programs, etc.; and
  - (g) any expenditure on an item not in conformity or not in line with activities mentioned under Schedule VII of the Act.

**CSR implementation structure**

9. The CSR programs of NHRCL will be implemented, monitored and reviewed by CSR Committees, constituted at Board level. The Board level CSR Committee shall oversee all activities related to CSR projects/programs undertaken by NHRCL.

**Board Level CSR Committee**

10. A Board committee comprising two functional directors and one part time Director shall be constituted to assist the Board of Directors for taking decisions related to CSR work. The Committee shall:
- (a) Formulate and recommend to the Board, a CSR Policy of the Company for approval;
  - (b) Consider CSR proposals and provide recommendations to the Board;
  - (c) Recommend the projects and amount of expenditure to be incurred on the said CSR projects / activities;
  - (d) Make periodic review & monitor of the implementation of CSR Policy of NHRCL and apprise the Board from time to time;
  - (e) Ensure that the undertaken activities are as per Schedule VII of the Act, the policies of the Government and the CSR policy of NHRCL;
  - (f) Recommend withdrawal of projects sanctioned by Board, if not undertaken by the implementing agency within a period of one year; and
  - (g) Visit CSR project sites or conduct exploratory visits within India for CSR activities, if considered necessary.

11. The composition of the Board Level CSR Committee shall be governed by the provisions of Section 135 of the Act read with the relevant rules. Decision with regard to change in composition or reconstitution of the Committee shall be within the purview of the Board.

The Board of NHRCL shall, after taking into account the recommendations made by the Corporate Social Responsibility Committee:-

- (a) Approve the Corporate Social Responsibility Policy of the Company and disclose contents of such Policy in its Annual Report and also direct the Company to host it on the Company's website as may be specified in the CSR Rules.
- (b) Ensure that the Company spends in every financial year at least two per cent of the average of its net profits of made during the three immediately preceding financial years.
- (c) If the Company fails to spend such amount, the same shall be reported in their Annual Report specifying there in the reasons for not spending the amount.
- (d) Visit the CSR Project site(s), if so deemed necessary.

Nodal officer

12. The Board level CSR Committee will be assisted by a Nodal Officer for steering / scrutinizing CSR proposals as well as reviewing and monitoring the implementation of approved CSR projects on regular basis. The Nodal Officer will be nominated by the Managing Director and Nodal Officer would be a permanent invitee to the meetings of the CSR committee. The Nodal Officer will be assisted by a team of two Officers (one each with technical and finance background) to be nominated by CSR Committee.

13. The Nodal officer shall: -

- (a) Formulate criteria for selection of projects keeping in view the Companies Act, NHRCL Policy on CSR and directions from CSR Committee and the Board;
- (b) Review all CSR proposals put up by Project offices and Departments and submit a report to the Board level CSR Committee for approval of the project/ activities.
- (c) Monitor the implementation process, fund management and study impact of CSR programs / activities periodically, with support from the Project offices/Field Units;
- (d) Formulate criteria for selection of the Registered Trust/Society or Company for execution of CSR program/activities of NHRCL;
- (e) Give suggestion(s) relevant to CSR programs/ activities to CSR Committee whenever required.

Project Office/ Field Level CSR Structure

14. The concerned CPM will coordinate for CSR programs/ activities related to operational areas where the project is aligned. All proposals/ annual budget/ any other matter related to CSR to be submitted by the Project office to Corporate Office will require recommendation of concerned CPM.



### **Budget and Expenditure:**

15. The CSR budget for CSR activities or projects or programs shall be at least 2% of the average Net Profit of the Company made during the three immediately preceding financial years. The budget should be fixed for each financial year with the approval of Board, based on the recommendation of the CSR Committee.

*Explanation:* - "Net Profit" means the net profit of a company as per its financial statements prepared in accordance with the applicable provision of the Companies Act, 2013, 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.

16. The efforts would be made that budget allocated for CSR projects planned for each financial year is spent within that year itself. If due to some exceptional circumstances, the Company fails to spend budget amount, the reasons for not spending the entire amount be specified in the Director's Report. Further, the unspent amount of a year would not lapse and be carried forward to the next year, and would be spent over and above the next year CSR's budget.
17. The budgeted allocation for each year should be specified for CSR projects having duration longer than one year.
18. The CSR activities would be approved in project or program mode only. The overall expenditure under CSR activity for a single project shall not be more than 25% of the total budget under CSR activity for that year. *However, the ceiling of 25% of budget on any one project / program would be applicable only when the total CSR budget is Rs. 2 crore or more\*\*.*
19. Any surplus arising out of the CSR projects/ programs / activities shall not form part of business profit of the Company.
20. Salaries paid by the Company to regular CSR staff as well as to volunteers of the Company (in proportion to time/hours spent specifically on CSR) can be factored into CSR project cost as part of the CSR expenditure subject to such expenditure including expenditure on administrative overheads not exceeding 5% of total CSR expenditure of the Company in one financial year.

### **Implementation of CSR activities**

21. The CSR activities may be implemented directly by NHRCL or through a) a company established under section 8 of the Companies Act, 2013; or b) a registered trust; or c) a registered society, established by:
- NHRCL, either singly or along with any other company; OR
  - Central Government; OR

\*\* Added by the BoD at meeting held on 5<sup>th</sup> August 2019.





- State Government; OR
- any entity established under an act of Parliament or a state legislature; OR

If the Board decides to undertake its CSR activities through a section 8 company or a registered trust or a registered society, other than those specified above, then such section 8 company or trust or society shall have an established track record of 3 financial years in undertaking similar programs or projects.

22. NHSRCL may also collaborate with other companies for undertaking projects or programs 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 programs in accordance with the CSR Rules of the Companies Act.

23. Further, such implementing agency should satisfy following criteria:

**A. Essential Criteria:**

- a) Registered under the Indian / State Societies Registration Act OR Trust Act OR section 8 of the Companies Act, 2013
- b) possess valid PAN along with income tax registration certificate under section 12AA of the Income Tax Act, 1961;
- c) Registered with:
  - GST Act / GST exemption certificate (for specified charitable activities)
  - Foreign Contribution (Regulation) Act (where implementing agency accepts foreign funds)
  - Niti Aayog portal, if it is an NGO accepting grant from any Ministry.
- d) have an established and clean track record of at least 3 financial years in undertaking similar programs or projects;
- e) Agencies undertaking skill development training programme or vocation training courses should have a valid recognition from any government department/ corporation/ etc. or similar directly under the control of Ministry of Skill Development & Entrepreneurship.

**B. Desirable Criteria:**

- a) permanent office in India and members predominately Indian citizens;
- b) No political affiliations;
- c) furnish declaration for not being blacklisted by any government department / Ministry / PSU / municipal body/ etc.
- d) Experience profile should indicate similar experience of projects of Govt. / PSUs or entities of similar nature / value.

**Selection of project for CSR activities**

24. Proposal for any CSR project including projects identified by field level offices would be sent to Nodal Officer for scrutinizing and evaluating the project and for placing the said proposal before the CSR Committee. The proposer shall submit details in accordance with the format at **Annexure**

2.



25. Field level offices may identify the CSR projects to be implemented in their respective local areas after interacting with various stakeholders like state administration, local representatives, gram sabha, etc. for identification of CSR work and briefing them about the outcomes of the said works, and maintaining a regular dialogue /discussion during the progress of the project.
26. All the proposals after recommendation by CSR Committee would be approved by the Board or in such manner as may be determined by the Board.
27. As and when considered appropriate, the CSR Committee of the Board may also consider appointment of suitable professional / professional agencies to assist it in areas like project evaluation monitoring and verification. The scope, mandate, etc. would be decided by the Management of the Company.
28. NHSRCL, if considered necessary, may get a baseline / need assessment survey done prior to the selection of any CSR activity.

#### **Monitoring of CSR activities**

29. The Nodal Officer would put up the progress / status of implementation of CSR project (through half yearly reports) i.e. as on 30<sup>th</sup> June and 31<sup>st</sup> December every year. The same would be reviewed by CSR Committee.

#### **Evaluation / Impact Assessment of CSR activities**

30. NHSRCL may get an impact assessment study done of the CSR activities / projects undertaken by it, if so desired by the CSR Committee / Board. Impact assessment would be mandatorily done by NHSRCL for mega projects, the threshold value of which would be Rs 5 crore or more, except if such projects have been undertaken by MOR, Central Government, etc. The Company may take-up evaluation / impact assessment of CSR projects in-house or by an independent external agency.

#### **Reporting and Disclosure:**

31. The Board Report of the Company shall include a separate report containing the particulars as specified in the format mentioned under the Companies (CSR Policy) Rules, 2014 and a copy of the said format is placed at **Annexure – 3**.
32. The Board of the Company, after taking into account the recommendation of CSR Committee, approve CSR Policy, and disclose its contents in aforesaid report and also at its website.

#### **Amendment / clarification:**

33. Any modification/ amendment in the CSR Policy may be carried out by CSR Committee with subsequent approval / ratification by the Board.

In case of any doubt / clarification, the provisions of the Companies Act, 2013 would prevail.





Annexure 1: Schedule VII of the Companies Act, 2013 (as amended)

Activities which may be included by companies in their Corporate Social Responsibility Policies Activities relating to:

- (i) Eradicating hunger, poverty and malnutrition, <sup>1</sup>[promoting health care including preventive health care] and sanitation <sup>2</sup>[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 <sup>2</sup>[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;
- (vii) training to promote rural sports, nationally recognized sports, Paralympics sports and Olympic sports;
- (viii) contribution to the prime minister's national relief 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) contributions or funds provided to technology incubators located within academic institutions which are approved by the central govt;
- (x) rural development projects;
- <sup>3</sup>[(xi) slum area development.

Explanation.- For the purposes of this item, the term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.]

- <sup>4</sup>[(xii) disaster management, including relief, rehabilitation and reconstruction activities.]

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1. [Substituted vide MCA notification dated 31st March, 2014.](#)
  2. [Inserted vide MCA notification dated 24th October, 2014.](#)
  3. [Inserted vide MCA notification dated 7th August, 2014.](#)
  4. [Inserted by Notification dated 30th May 2019.](#)



**Annexure 2: Details required from the Proposer of CSR Activity(ies)**

1	Full details of the Proposer	
	<p>a Name of the Proposer</p> <p>b Address of the Proposer</p> <p>c Address from which the proposed CSR Activity would be implemented</p> <p>d PAN of the Proposer</p> <p>e Aadhar No. of the Proposer</p> <p>f His Mobile No.</p> <p>g Detail of CSR activities undertaken by the Proposer in the past. (Enclose separate sheet, if required)</p>	
2	Project details /A copy of the Project Report	
3	<p>a Name, Address, PAN No., Aadhar No. of the technical expert who would certify the work done</p> <p>b His Mobile No.</p>	
4	<p>a Name of the Chartered Accountant / financial expert who would certify the amount spent. His registration No. with the Institute of Chartered Accountants of India / Institute of Cost &amp; Management Accountant of India</p> <p>b His PAN</p> <p>c His Aadhar No.</p> <p>d His Mobile No.</p>	
5	<p>List of the authorised persons would implement the project</p> <p>a Their PANs</p> <p>b Their Aadhar Nos.</p> <p>c Their Mobile Nos.</p>	
6	<p>Name of the person(s) who would be accountable persons and who will be in-charge of the Project</p> <p>a Their PANs</p> <p>b Their Aadhar Nos.</p> <p>c Their Mobile Nos.</p>	
7	Copy of the Board Resolution from the Organisation's Board / Trustees alongwith a copy of Trust Deed and Certificate of Registration of the Trust	
8	Whether the Organisation would be able to provide Utilisation Certificate on monthly basis, duly certified by the Financial as well as Technical Expert	



### Annexure 3: Report on Corporate Social Responsibility (CSR) Activities

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 (2% of the amount as in item 3 above).
5. Details of CSR spent during the financial year:
  - a) Total amount to be spent during financial year
  - b) Amount unspent (if any):
  - c) Manner in which the amount spent during the financial year is detailed below:

(Rs. in lakhs)

Sl. No.	CSR Project / Activity identified	Sector in which the Project is covered	Projects or Programs (1) Local area or other (2) State and District where projects or programs was undertaken	Amount outlay (Budget) Project or Programs wise		Amount Spent on the Projects or Programs during the FY			Cumulative expenditure up to 31 <sup>st</sup> March of the FY	Amount Spent through Direct or implementing agency*
				Total	During the FY	(1) Direct expenditure on projects or programs	(2) Over-heads	(3) Total		

\* Give details of implementing agency

6. In case the Company has failed to spend the 2% 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. The responsibility statement of the CSR Committee that the implementation and monitoring of the CSR Policy, is in compliance with the CSR objectives and policy of the Company.

For and on behalf of the Board of Directors

(Chairperson, CSR Committee)

(DIN: \_\_\_\_\_)

(Managing Director)

(DIN: \_\_\_\_\_)

Place :

Date :



