

# **National High Speed Rail Corporation Limited**

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## **Corporate Social Responsibility Policy** [August 2021]

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## CSR Policy of National High Speed Rail Corporation Limited\*

### **Background:**

1. National High Speed Rail Corporation Limited, 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. National High Speed Rail Corporation Limited is a government company responsible for constructing and maintaining the Mumbai Ahmedabad High Speed Rail project.
2. This Corporate Social Responsibility (CSR) Policy is in accordance with the provisions of Section 135 of the Companies Act, 2013 (the Act) and the Companies (CSR Policy) Rules, 2014 (the Rules), as amended by the Ministry of Corporate Affairs, Government of India from time to time.

### **Vision**

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

### **Mission**

4. The Company 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. The Company will work towards promoting sustainable development in the country.

### **Objectives of CSR policy**

5. The objectives of this policy are:
  - (a) To identify the areas of activity, keeping in mind stakeholders' expectations, which are outcome-based & impact-oriented in selected areas, projects or programs which the Company plans to undertake for CSR;
  - (b) Modalities of execution of such CSR projects or programs;
  - (c) To monitor process of such CSR projects or programs.
  - (d) 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.
7. In the above thrust areas priority will be given to the under privileged, neglected and weaker sections of the society. The Company 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 Company constructs/maintains/operates and the districts contiguous thereto.

\* The CSR Policy was approved by the BoD at its meeting held on 31<sup>st</sup> August 2021. Further, amended by BoD at its meeting held on 23<sup>rd</sup> November 2022 (**shown in *italics bold face* in this Policy**).

### 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 the Company;
  - (b) Activities benefitting employees of the company as defined in section 2(k) of the Code on Wages, 2019;
  - (c) Contribution of any amount, directly or indirectly, to any political party under section 182 of the Companies Act;
  - (d) Any activity undertaken by the company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;
  - (e) Expenses incurred / activities carried out for fulfilment of any statutory obligations under any law in force in India eg. Labour laws, land acquisition, etc.;
  - (f) Activities supported on sponsorship basis for deriving marketing benefits for its products or services like 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.
  - (h) Any contribution made towards corpus of Trusts/ societies / section 8 companies, etc.

### CSR implementation structure

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

#### Board Level CSR Committee

10. A Board level 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 on the basis of the approach and direction given by the Board, which shall indicate the activities to be undertaken by the company in areas or subjects specified in Schedule VII to the Act, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan.
  - (b) recommend the amount of expenditure to be incurred on the activities referred to above said clause (a) by way of formulating and recommending to the Board, an annual action plan in pursuance of CSR Policy of the company including the following:
    - i) the list of CSR projects or programs to be undertaken in areas or subjects specified in Schedule VII to the Act;
    - ii) the manner of execution of such projects or programs in line with rule 4(1) of CSR Rules;
    - iii) the modalities of utilisation of funds and implementation schedules for the projects or programs;
    - iv) monitoring and reporting mechanism for the projects or programs; and
    - v) details of need and impact assessment, if any, for the projects undertaken by the company; and
    - vi) recommend changes, if any, needed in the action plan with reasonable justification to that effect.
  - (c) monitor the CSR Policy of the company from time to time.
  - (d) Ensure that the undertaken activities are as per Schedule VII of the Act, the policies of the



Government and the CSR policy of the Company;

- (e) To take suitable action against the implementing agency including withdrawal of sanctioned project, if not undertaken within stipulated time or in case the progress is not satisfactory; and
  - (f) Visit CSR project sites or conduct exploratory visits within India for CSR activities, if considered necessary.
11. (a) 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 in accordance with the composition of Board of the Company. Decision with regard to change in composition or reconstitution of the Committee shall be within the purview of the Board.
- (b) The Board of the Company shall, after taking into account the recommendations made by the Corporate Social Responsibility Committee:-
- i) Approve the CSR Policy of the Company and disclose contents of such Policy in its Annual Report and on the official website of the Company.
  - ii) Approve the Annual Action Plan.
  - iii) Ensure that the Company spends in every financial year at least two per cent of the average of its net profits made during the three immediately preceding financial years.
  - iv) Monitor the implementation of CSR project/activities with reference to approved timelines and year wise allocation and make modification, if required, for smooth implementation of the CSR project within overall permissible time period.
  - v) Satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and to seek certification to this effect from the Chief Financial Officer (CFO) or the person responsible for financial management.
  - vi) Ensure that administrative overheads do not exceed 5% of total CSR expenditure of the Company during the financial year.

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 (MD) 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 engineering and finance background) to be nominated by MD.
13. The Nodal officer shall draft an annual action plan to be put up to CSR Committee.

Project Office/ Field Level CSR Structure

14. The concerned CPM will recommend and coordinate 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 Nodal Officer at Corporate Office, by 30<sup>th</sup> June every year so as to formulate Annual Action Plan on time.

**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. No carry forward of unutilised CSR budget amount is allowed.

If due to some exceptional circumstances, the Company fails to spend budgeted amount, the reasons for not spending the entire amount shall be specified in the Director's Report and the said unutilized amount to be dealt in following manner:

- (a) Committed amount (for multi-year project/ activities not exceeding three years excluding the year of commencement):
- i) Transfer to a newly opened separate Bank account named as "Unspent Corporate Social Responsibility A/c 20\_\_(year)" within a period of 30 days from the end of each financial year i.e. on or before 30<sup>th</sup> April.
  - ii) All the expenditure on such committed CSR activities to be spent, from the above said Bank A/c, within a period of three financial years from the date of transfer.
  - iii) Failing which the balance amount (if any) should be transferred to a Fund specified in Schedule VII of the Companies Act, 2013, within a period of 30 days from the end of the third financial year.
- (b) Uncommitted amount -- Transfer the amount to a Fund specified in Schedule VII of the Companies Act, 2013, within a period of 6 months from the end of the financial year i.e. on or before 30<sup>th</sup> September.

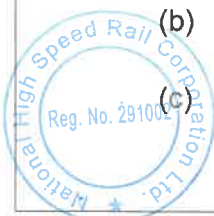
17. In case, the Company spends an amount in excess of 2%, then such excess amount would be adjusted against the CSR budget for immediate succeeding three financial years with the approval of the Board provided that such excess amount does not include any surplus arising out of CSR activities.

18. The budgeted allocation for each year should be specified for CSR projects having duration longer than one year.

19. 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.

20. Any surplus arising out of the CSR projects/ programs / activities (including interest earned on funds kept in separate bank account) shall not form part of business profit of the Company, and be ploughed back into:

- (a) Same CSR project/ activity/ programme
- (b) Transferred to unspent CSR Account and spent in accordance with the CSR policy and Annual Action Plan
- (c) Transfer to a Fund as mentioned in Schedule VII of the Companies Act, 2013 within a period of 6 months of the close of financial year.





21. 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.
22. CSR budget can be spent towards creation or acquisition of any capital asset which can only be held by:
- Section 8 company or a registered public Trust or a Registered Society (having charitable objects and CSR Registration number)
  - Beneficiaries of the CSR Project (like self-help group, collectives, entities)
  - Public authority (except the Company itself) as defined in section 2(h) of the RTI Act, 2005

### Implementation of CSR activities

23. The CSR activities /programs /projects may be implemented directly by the Company OR through any of the following implementing agency(ies), i.e.:

<u>Sl. No.</u>	<u>Particulars</u>	<u>Eligibility</u>
(a)	<b>Own Agency</b>	<ul style="list-style-type: none"> <li>- Section 8 Company, Registered Trust, or Registered Society established by Company (either singly or along with any other company).</li> <li>- <b>**Mandatory registrations under Income Tax Act 1961:</b> <ul style="list-style-type: none"> <li><b>i) Approved under section 80G.</b></li> <li><b>ii) Either registered under section 12A OR exempted under section 10(23C) (iv, v, vi, or via).</b></li> </ul> </li> <li>- Mandatory allocation of CSR Registration number by MCA.</li> </ul>
(b)	<b>Government Agency</b>	<ul style="list-style-type: none"> <li>- Section 8 Company, Registered Trust, or Registered Society established by Central / State Government.</li> <li>- Mandatory allocation of CSR Registration number by MCA</li> </ul>
(c)	<b>Statutory Bodies</b>	<ul style="list-style-type: none"> <li>- Any entity established under an Act of Parliament or a State Legislature</li> <li>- Mandatory allocation of CSR Registration number by MCA</li> </ul>
(d)	<b>Public Agencies</b>	<ul style="list-style-type: none"> <li>- Section 8 Company, Registered Trust, or Registered Society.</li> <li>- Having an established track record of at least 3 years in undertaking similar activities.</li> <li>- <b>**Mandatory registrations under Income Tax Act 1961:</b> <ul style="list-style-type: none"> <li><b>i) Approved under section 80G.</b></li> <li><b>ii) Either registered under section 12A OR exempted under section 10(23C) (iv, v, vi, or via).</b></li> </ul> </li> <li>- Mandatory allocation of CSR Registration number by MCA</li> </ul>

24. The Company 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.

\*\* Words in italics bold substituted by BoD at its meeting held on 23.11.2022



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

(a) Essential Criteria:

- i) Registered under the Indian / State Societies Registration Act OR Trust Act OR section 8 of the Companies Act, 2013
- ii) possess valid PAN along with income tax registration certificate under section 12A and 80G of the Income Tax Act, 1961;
- iii) 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.
- iv) have an established and clean track record of at least 3 financial years in undertaking similar activities or programs or projects;
- v) 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.
- vi) Possess a valid CSR Registration Number allotted by the Ministry of Corporate Affairs (MCA) under the provisions of Companies Act, 2013.

(b) Desirable Criteria:

- i) permanent office in India and members predominately Indian citizens;
- ii) No political affiliations either directly or indirectly;
- iii) furnish declaration for not being blacklisted by any government department / Ministry / PSU / municipal body/ etc.
- iv) Experience profile should indicate similar experience of projects of Govt. / PSUs or entities of similar nature / value.
- v) No conflict of interest with employees of the Company. There should be no direct or indirect benefit to any of the employees or their family members.

#### **Selection of project for CSR activities**

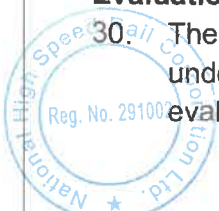
26. Proposal for any CSR project including projects identified by field level offices would be sent to Nodal Officer for scrutinizing and evaluating the project and for including the same in Annual Action Plan.
27. Field level offices may identify the CSR projects to be implemented in their respective local areas.
28. 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.

#### **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> September and 31<sup>st</sup> March every year. The same would be reviewed by CSR Committee.

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

30. The CSR Committee may get an impact assessment study done of the CSR activities / projects undertaken by it, if so desired by the CSR Committee / Board. The Company may take-up evaluation / impact assessment of CSR projects in-house or by an independent external agency.





In case the average CSR obligation is Rs. 10 crore or more, as per section 135(5) of the Companies Act, 2013, in the three immediately preceding financial years, then the Company shall undertake impact assessment, through an independent agency, of its CSR projects:

- (a) having outlays of Rs. 1 crore or more, AND
- (b) have been completed not less than one year before undertaking the impact study.

The impact assessment reports shall form part of the Annual CSR Report and be placed before the Board.

For undertaking impact assessment, maximum **2%\*\*** of total CSR expenditure or Rs. 50 lakh (whichever is **higher\*\***) may be booked towards CSR for that financial year.

**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 – 2**.
- 32. The Board of the Company shall disclose following contents at its website for public access:
  - (a) Composition of CSR Committee;
  - (b) CSR policy including Annual Action Plan;
  - (c) CSR projects, as approved by the Board;

**Amendment / clarification:**

- 33. Any modification/ amendment in the CSR Policy may be carried out by CSR Committee with subsequent approval by the Board.
- 34. All provisions of this Policy would be subject to revision/ amendment in accordance with the guidelines/ circulars/ rules/ notification as may be issued by the Government on the subject from time to time.
- 35. In case of any doubt / clarification / conflict, the provisions of the Companies Act, 2013, read with rules thereto and circulars issued by the Ministry of Corporate Affairs would prevail in all circumstances.

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\*\* Words in italics bold substituted by BoD at its meeting held on 23.11.2022



**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>3</sup>[including contribution to the Swach 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 <sup>3</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, <sup>6</sup>[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 <sup>5</sup>[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;
- <sup>7</sup>[(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 Defense 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]

<sup>2</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 7th August, 2014.
  3. Inserted vide MCA notification dated 24th October, 2014.
  4. Inserted vide MCA notification dated 30th May 2019.
  5. Inserted vide MCA notification dated 26th May 2020 (Effective from 28.03.2020)
  6. Inserted vide MCA notification dated 23rd June 2020.
  7. Substituted vide MCA notification dated 24th August 2020



**Report on Corporate Social Responsibility (CSR) Activities**

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 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 section 135(5).

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

(c) Surplus arising out of the CSR projects or programmes 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 Rs.)	Amount Unspent (in Rs.)				
	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 Rs.)
(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 programmes 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	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Balance Amount in Unspent CSR Account under section 135(6) (in Rs.)	Amount spent in the Financial Year (in Rs.)	Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5), if any.		Amount remaining to be spent in succeeding financial years. (in Rs.)	Deficiency, if any
					Amount (in Rs.)	Date of transfer.		
1.	FY-1							
2.	FY-2							
3.	FY-3							
	Total							

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 the asset(s) so created or acquired through CSR 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 the entity / Authority / Beneficiary of the registered owner		
					CSR Registration Number, if any	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 section 135(5).

(Chief Executive Officer or Managing Director or Director).	(Chairman CSR Committee).	[Person specified under section 380 (1)(d) of the Act] (Wherever applicable).]
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Date:

Place:

