



## **CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY OF NHIDCL**

### **1. Preamble**

1.1 As a responsible Corporate citizen since its inception, National Highways & Infrastructure Development Corporation Limited (NHIDCL) endeavors to improve the quality of life in the neighborhood community through various Corporate Social Responsibility (CSR) activities.

1.2 The CSR Policy of NHIDCL recognizes that Corporate Social Responsibility is not merely compliance of the Rules, but a commitment to support initiatives that will improve the lives of the underprivileged. The CSR activities shall be undertaken as projects, programs or activities (either new or ongoing) excluding those activities undertaken in pursuance of the normal course of business of the Company.

### **2. Objectives**

2.1 The CSR Policy of the Company shall be read in line with Section 135 of the Companies Act 2013, Companies (Corporate Social Responsibility Policy) Rules, 2014 and such other Rules, Regulations, circulars, and notifications (collectively referred hereinafter as 'Regulations') as may be applicable and as amended/notified from time to time and will, inter-alia, provide for the following:

- Establishing a Guideline for compliance with the provisions of the Regulations to dedicate a percentage of Company's profits for CSR activities.
- Ensuring the implementation of CSR initiatives in letter and spirit through appropriate procedures and reporting.

2.2 The Company would endeavor to spend not less than 2% of the average Net Profit of the Company made during the three immediately preceding Financial Years. The amount would be calculated as per the Regulations. The Company may build CSR capacities of its personnel and/or those of its implementing Agencies through Institutions with established track records of at least three financial years but such expenditure shall not exceed five percent of total CSR expenditure of the Company in one financial year.

2.3 Provided that all reasonable efforts will be made to ensure that the annual CSR allocation is fully utilized in the respective year. However, if the Company fails to spend such amount, the Board of Directors shall, in its report under clause (o) of sub-section (3) of section 134 of the Act, shall specify the reasons for not spending the amount.

### **3. Definition**

In this Policy, unless the context otherwise requires:-

- a) 'Act' means Companies Act, 2013;

- b) 'Corporate Social Responsibility' means Corporate Social Responsibility (CSR) as defined in Section 135 of the Companies Act 2013 and Companies Corporate Social Responsibility Policy) Rules 2014;
- c) 'Ministry' means the Ministry of Road Transport and Highways;
- d) 'Net Profit' means net profit as defined in Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014 as set out below.

#### 4. Procedures

4.1 As per Section 135 of Companies Act, 2013, all profit making CPSUs having net profit of Rs.5 Crore are mandated to spend at least 2% of the average net profits (PBT) of the Company made during the three immediately preceding years for undertaking CSR activities listed in Schedule- VII of the Act, as mentioned below:

- i. Eradicating Extreme Hunger and Poverty etc.
- ii. Promotion of Education, Employment Enhancing Vocational Skills etc.
- iii. Promoting Gender equality and Empowering Women etc.
- iv. Environmental Sustainability, Ecological Balance etc.
- v. Protection of National Heritage etc.
- vi. Measure for benefit for Armed Forces etc.
- vii. Training to promote Rural Sports etc.
- viii. Contribution to the Prime Minister's National Relief Fund etc.
- ix. Contribution to Technology Incubators approved by the Central Government.
- x. Rural Development projects.
- xi. Slum Area development.

4.2 As per section 135 (5) of the said Act, the Company shall give preference to the local areas around it where it operates for spending the amount earmarked for CSR activities. Further, the Company will make available an amount equal to 2% of the average Net Profit of the Company made during the three years immediately preceding financial years for annual CSR activities, as and when requested.

4.3 If the Company ceases to be covered under sub-section (1) of Section 135 of the Act for three financial years, then it shall not be required to comply with the provisions laid down under sub-section (2) to (5) of the said Section, till such time it meets the criteria specified in Section 135(1) of the Act.

4.4 As per the existing Provisions of the Act and Rules, every Company having net worth of Rs. 500 crore or more or turnover of Rs. 1,000 crore or more or net profit of Rs. 5 crore or more during any financial year shall constitute a Corporate Social Responsibility Committee (CSR Committee) and the CSR Committee shall:

- a) Formulate and recommend the CSR Policy which shall indicate the activities to be undertaken by the Company as prescribed,

- b) Recommend the amount of expenditure to be incurred on the activities referred to in clause (a)
- c) Monitor the Corporate Social Responsibility Policy of the company from time to time.

4.5 A quorum of two Members is required to be present for the proceedings to take place. The Committee shall have the authority to call such employee(s), senior official(s) and or externals, as it deems fit.

## 5. Planning and Implementation

In accordance with the above Guidelines, a CSR Committee was constituted in the 11<sup>th</sup> Meeting of the Board of Directors of NHIDCL which was held on 26.07.2017 with the following members;

- (i) Chairman, NHIDCL
- (ii) Managing Director, NHIDCL
- (iii) Director (A&F), NHIDCL

5.1 The Committee during its meeting held on 27<sup>th</sup> October, 2017 approved that the CSR Fund of the Company shall be utilized for the following activities, subject to approval of the Board of Directors:

- (i) Supporting Driving Training Schools.
- (ii) Holding Eye Testing Camps for drivers.

5.2 In accordance with the Guidelines, the Report on CSR Initiatives will be included in the Report of the Board of Directors which will be part of the Annual Report of the Company in consonance with section 134 (3) (0) of the Companies Act. The details of the CSR Policy will also be displayed in the Website of the Company, in the following format:

- (i) Brief outline of 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.
- (ii) The composition of the CSR Committee.
- (iii) Average Net Profit of the company for last three financial years
- (iv) Prescribed CSR Expenditure.
- (v) Details of amount spent during the financial year:
  - a) Total amount to be spent for the financial year
  - b) Amount unspent
  - c) Manner in which the amount spent during the financial year.

5.3 In case the Company fails to spend the 2% of the Average Net Profit (INR) of the last 3 financial years, the reasons for not spending the amount shall be stated in the Board report.

5.4 The tax treatment of CSR spent will be in accordance with the Income Tax Act, 1961 as may be notified by Central Board of Direct Taxes (CBDT).

## 6. Funding

6.1 The Committee, after going through the Balance Sheets of the Company for the previous three years has determined an amount of Rs. 50 lacs to be incurred on CSR activities during the FY 2017-18. The availability of funds is based on the following:

CSR CALCULATION (Figures in Crores)				
Financial Year	PBT	Average PBT	2% of Average PBT	Remarks
2014-15	3.81	NIL	NIL	Less than the ceiling limit of Rs. 5 Crores.
2015-16	17.43	$\frac{3.81+17.43}{2} = 10.62$	0.21	Due to be incurred in FY 2016-17, but not done.
2016-17	21.28	$\frac{3.81+17.43+21.28}{3} = 14.17$	0.28	Due to be incurred in FY 2017-18.
Total			0.49	Rs. 50 Lacs to be incurred in FY 2017-18.

6.2 The Committee further recommends that allocation of funds for the above activities may be decided after ascertaining the needs in the Project States through the Branch Offices. The proposals may be routed through the Executive Director (Projects) at the Regional Office. Based on the proposals received, allocation of funds shall be made by the Committee in the beginning of every Financial year after considering the CSR budget for that year.

## 7 Monitoring, Reporting and Evaluation

7.1 The CSR Committee will be responsible for monitoring approved projects/programmes through persons / entities authorized by it who will conduct due diligence checks on the current projects on a quarterly basis and report anomalies, if any, immediately through:

- Regular field visits to Projects/Programmes sites
- Comprehensive documentation/compilation of Field Reports
- Regular interaction with beneficiary communities to obtain feedback;

- iv. Monitoring of timely fund utilization to ensure that Projects/Programmes as budget are actually are being carried out and /or
- v. Any other activity that the CSR Committee may deem necessary in the larger interest of its CSR initiatives.
- vi. The monitoring of the projects shall be carried out and quarterly report shall be submitted to the CSR Committee.
- vii. Initiatives undertaken on the CSR front will be reported in the Annual Report of the Company.

7.2 The CSR Committee shall have the authority to obtain professional advice from external sources and have full access to information contained in the records of the Company as well as the powers to call any employee / external consultant or such other person(s) and for such purpose as may be deemed expedient for the purpose of accomplishments of overall CSR objectives laid down under the Act.

7.3 A comprehensive transparent Monitoring mechanism shall be devised by NHIDCL to ensure that the various CSR activities as mandated by the Board, shall be implemented as per the Budget allocation. To ensure the same, the CSR Committee shall file a Responsibility Statement confirming that the implementation and monitoring of the CSR Policy is in compliance with CSR objectives and Policy of the Company in the following format:

Sl. No.	CSR project / activity identified	Sector in which the Project is covered	Projects /Programmes 1.Local area/others- 2.Specify the State and District where implemented	Amount budgeted (project/ programs-wise)	Amount spent on the project /programs	Cumulative spend up to the reporting period
1						
2						

  
(SANJAY JAJU)  
Director (A&F)

